



U.S. Army Corps
of Engineers

U.S. ARMY CORPS OF ENGINEERS RECREATION STUDY

**A Plan Prepared for the
Assistant Secretary of the Army (Civil Works)**

VOLUME I: MAIN REPORT

**Headquarters, U.S. Army Corps of Engineers
Washington, D.C.**

September 1990

**U.S. ARMY CORPS OF ENGINEERS
RECREATION STUDY**

A Plan Prepared for the
Assistant Secretary of the Army (Civil Works)

by

U.S. Army Corps of Engineers Recreation Task Force

Headquarters, U.S. Army Corps of Engineers

Washington, D.C. 20314-1000



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY

WASHINGTON, DC 20310

3 OCT 1990

Honorable Richard G. Darman
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Darman:

A year ago, I chartered a Task Force in the Army Corps of Engineers to develop a plan to maintain and enhance public recreational opportunities at Corps projects while reducing Federal costs for development and operation of recreational facilities.

The report of the Task Force is enclosed. The recommendations are under consideration, and we expect from time to time to make specific budgetary and legislative proposals, as may be necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert W. Page", with a large, stylized initial "R" and "P".

Robert W. Page
Assistant Secretary of the Army
(Civil Works)

Enclosure



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF

03 OCT 1990

CECW-ZR

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

SUBJECT: Recreation Task Force - Final Report

1. As requested in your 31 August 1989 memorandum, I am providing you with the final report of the Recreation Task Force.

2. Printing of the report for general distribution to members of Congress, Corps of Engineers field offices, and the public will take about six weeks. The report will be sent to our field offices and to the public once copies have been furnished to the Office of Management and Budget and concerned committees of Congress.

Enclosure

A handwritten signature in cursive script, likely of H. J. Hatch, is positioned above the typed name.

H. J. HATCH
Lieutenant General, USA
Chief of Engineers

PREFACE

The Chairman of the Task Force was MG R. S. Kem, Deputy Commander, U. S. Army Corps of Engineers. Mr. David J. Wahus, Chief of the Recreation Programs Section of the Natural Resource Management Branch, Operations, Construction and Readiness Division was reassigned to the office of the Director of Civil Works to serve as the full-time Executive Director of the Recreation Study.

The Steering Committee was comprised of eight senior staff members: Mr. Dan Mauldin, Deputy Director of Civil Works and Vice-Chairman of the committee, Mr. Don B. Cluff, Chief, Programs Division, Mr. Lester Edelman, Chief Counsel, Mr. Barry J. Frankel, (later replaced by Mr. Terrence F. Wilmer), Director, Real Estate Directorate, Mr. Jimmy F. Bates, Chief Policy and Planning Division, Mr. John P. Elmore, Chief, Operations, Construction and Readiness Division, Mr. Kenneth Murdock, Director, Water Resource Support Center, and Mr. David J. Wahus. MG Kem officiated at Steering Committee meetings.

The Management Team consisted of Mr. Dan M. Mauldin, Chairman, Mr. Don B. Cluff, Vice-Chairman, Mr. Joseph H. Bittner, Programs Division, Mr. Charles T. Flachbarth, Office of the Chief Counsel, Mr. Monte Ferry, Real Estate Directorate, Mr. Howard Prante, Policy and Planning Division (later replaced by Mr. Brad Fowler), Mr. Darrell E. Lewis, Operations, Construction and Readiness Division, Mr. Michael R. Krouse, Institute for Water Resources, Mr. David Hewitt, Public Affairs Office and Mr. David J. Wahus.

Mr. William J. Hansen of the Institute for Water Resources was the Technical Study Manager. Mr. L. Leigh Skaggs of the Institute for Water Resources assisted in the development and execution of the study and writing of the final report. Mr. H. Roger Hamilton of the Waterways Experiment Station contributed to the historical perspective section. Ms. N. Theresa Hoagland of the Ohio River Division served as primary author for the study.

**CORPS OF ENGINEERS RECREATION STUDY
VOLUME I -- MAIN REPORT
TABLE OF CONTENTS**

	PAGE
PERTINENT CORRESPONDENCE	iii
PREFACE	vii
CHAPTER I INTRODUCTION	1
A. AUTHORITY	1
B. PURPOSE AND SCOPE	1
C. BACKGROUND	1
1. U.S. ARMY CORPS OF ENGINEERS	4
2. U.S. FOREST SERVICE	14
3. NATIONAL PARK SERVICE	15
4. BUREAU OF LAND MANAGEMENT	16
5. BUREAU OF RECLAMATION	17
6. U.S. FISH AND WILDLIFE SERVICE	18
7. TENNESSEE VALLEY AUTHORITY	18
8. STATE AND LOCAL GOVERNMENTS	19
9. RECREATION/TOURISM INDUSTRY	20
D. PRIOR STUDIES AND REPORTS	22
1. RESOURCE MANAGERS	22
2. PUBLIC RECREATION NEEDS	23
3. LAND USE	24
4. ARMY NATURAL RESOURCE MANAGEMENT	25
5. PRESIDENT'S COMMISSION AND DOMESTIC COUNCIL REPORTS	25
CHAPTER II ORGANIZATION AND PROCESS	27
A. ORGANIZATION	27
1. TASK FORCE	27
B. STUDY PROCESS	27

1. INFORMATION COLLECTION	28
2. REVIEW AND EVALUATION	32
3. NOTIFICATION OF OTHERS	32
CHAPTER III EVALUATION OF OPTIONS	35
A. INTRODUCTION	35
B. REVENUE	35
1. RECREATION FEE REVENUE	36
2. OUTGRANT/PERMIT REVENUE	48
3. SALES	57
C. RESOURCE AUGMENTATION	62
1. SUPPLEMENTAL LABOR SOURCES	62
2. VOLUNTEERS	67
3. DONATIONS	72
4. SUPPLEMENTAL FUNDING SOURCES	76
D. NON-FEDERAL PUBLIC INVOLVEMENT	81
1. FINANCIAL INCENTIVES	81
2. DEVELOPMENTAL INCENTIVES	89
3. LEASE INCENTIVES	94
E. PRIVATE INVOLVEMENT	103
1. FINANCIAL INCENTIVES	103
2. DEVELOPMENTAL INCENTIVES	109
3. LEASE INCENTIVES	114
F. OTHER ISSUES	120
1. DATA BASE NEEDS	120
2. RECREATION FEES	122
3. MARKETING	125
CHAPTER IV PLAN FORMULATION	127
A. SUMMARY	127
1. REVENUE	128
2. RESOURCE AUGMENTATION	129

3. NON-FEDERAL PUBLIC INVOLVEMENT	129
4. PRIVATE INVOLVEMENT	129
B. PLAN FORMULATION	130
CHAPTER V RECOMMENDED PLAN	131
A. SELECTED OPTIONS	131
B. IMPLEMENTATION	134
1. LEGISLATION	135
2. POLICY AND GUIDANCE	135
3. DATA REQUIREMENTS	136
4. RECREATION FEES	137
5. SCHEDULE	137
6. STAFFING REQUIREMENTS	138
7. IMPACTS ON PUBLIC RECREATION	138
8. FEDERAL COST REDUCTIONS	138
C. CONCLUSION	139
RECREATION TASK FORCE CHARTER	141

LIST OF TABLES

TABLE	PAGE
1 Recreation Visitation and Total Acreage of Major Federal Land Management and State Park Agencies	2
2 Visitation, Projects, and Recreation Areas by Corps Division, 1989	12
3 Distribution of Visitation at Corps and Non-Corps Recreation Areas by Division, 1989	13
4 Corps Recreation Operation and Maintenance Funding 1980-1990	14
5 Locations and Dates of Six Regional Workshops	30
6 Distribution of Regional Workshop Announcements and Attendees	31

7	Summary of Revenue Options--Recreation Fees	47
8	Summary of Revenue Options--Outgrants/Permits	56
9	Summary of Revenue Options--Sales	61
10	Summary of Resource Augmentation Options--Supplemental Labor Sources	66
11	Summary of Resource Augmentation Options--Volunteers	71
12	Summary of Resource Augmentation Options--Donations	75
13	Summary of Resource Augmentation Options--Supplemental Funding Sources	80
14	Summary of Non-Federal Public Involvement Options--Financial Incentives	88
15	Summary of Non-Federal Public Involvement Options--Developmental Incentives	93
16	Summary of Non-Federal Public Involvement Options--Lease Incentives	102
17	Summary of Private Involvement Options--Financial Incentives	108
18	Summary of Private Involvement Options--Developmental Incentives	113
19	Summary of Private Involvement Options--Lease Incentives	119

LIST OF FIGURES

FIGURE	PAGE
1 Recreation Visitation and Total Acreage by Federal Land Management Agency, 1988	3
2 Management Responsibility for Corps of Engineers Recreation Areas, 1989	11

**CORPS OF ENGINEERS RECREATION STUDY
VOLUME II - APPENDICES**

- A. TASK FORCE MEMBERSHIP
- B. INFORMATION COLLECTION TASK FORCE #1:
STRAWMAN PROGRAMS AND STRATEGIES
- C. INFORMATION COLLECTION TASK FORCE #2:
LAWS AND POLICIES
- D. INFORMATION COLLECTION TASK FORCE #3:
REVENUE AND RESOURCE AUGMENTATION
- E. INFORMATION COLLECTION TASK FORCE #4:
DATA BASE NEEDS
- F. INFORMATION COLLECTION TASK FORCE #5:
INCREASED NON-FEDERAL PARTICIPATION
- G. SURVEY OF INTERESTED/IMPACTED ORGANIZATIONS REPORT
- H. GOVERNOR AND AGENCY CORRESPONDENCE
- I. INTERVIEWS AND REGIONAL WORKSHOPS REPORT
- J. ECONOMIC IMPACTS OF RECREATION

**U.S. ARMY CORPS OF ENGINEERS
RECREATION STUDY**

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CHAPTER I INTRODUCTION

A. AUTHORITY

At the direction of the Assistant Secretary of the Army for Civil Works [ASA(CW)], the Chief of Engineers established a Task Force to study the subject of recreation at U.S. Army Corps of Engineers water resource development projects.

B. PURPOSE AND SCOPE

The mission of the Corps of Engineers Recreation Task Force was to develop a plan to maintain and enhance public recreational opportunities at Corps projects while reducing the Federal costs for development and operation of recreational facilities. The plan was to focus on development, enhancement and operation of recreation facilities at Corps projects by non-Federal public agencies and the private sector to the maximum extent practicable.

Further, the ASA(CW) directed that the closure of existing facilities, deferral of maintenance, or development of operational efficiencies as a means of reducing Federal expenditures were not to be considered as part of the Task Force's mission; however, the Task Force received suggestions on management efficiencies as a method of reducing the Federal expenditures and these will be considered for implementation in the Corps day-to-day operations. Also, as directed by the ASA(CW), existing constraints in law, regulation, or policy were identified, but did not limit development of the plan.

The plan is the final product of the study. Almost one hundred options, grouped in four major categories, were investigated and approximately twenty options or related suggestions were included in the plan. The plan identifies and provides general implementation strategies, including data collection and analysis requirements, necessary changes in policy or law, a tentative schedule of resource and staffing requirements, likely impacts on public recreation, and anticipated Federal cost reductions. In addition to those included in the plan, nineteen options could be pursued locally (no change in law or Corps-wide policy or guidance is needed). Eighteen options should be given further consideration, but cannot be recommended at this time, because they require preliminary actions or additional data to assess their viability.

C. BACKGROUND

According to the National Park Service Publication Federal Recreation Fee Report 1988, the Corps records the second largest visitation figure among all Federal agencies in terms of visitor hours (see Table 1 and Figure 1).¹ Corps projects provide over 30 percent of the recreational opportunities on Federal lands (2.29 billion visitor hours out of a total 7.49 billion for all Federal agencies), with only nine percent of the Federal funds expended for recreational

¹ National Park Service, Federal Recreation Fee Report 1988, (Washington, DC: NPS, 1989).

resources (\$164 million out of a total Federal \$1.82 billion in 1989)¹, and on less than two percent of the Federal land base (11.7 million acres of fee and easement land and water out of the 650 million-acre Federal estate). The Corps is the largest provider of water-based recreation, and, according to Corps estimates, 25 million individuals visit a Corps project at least once each year.

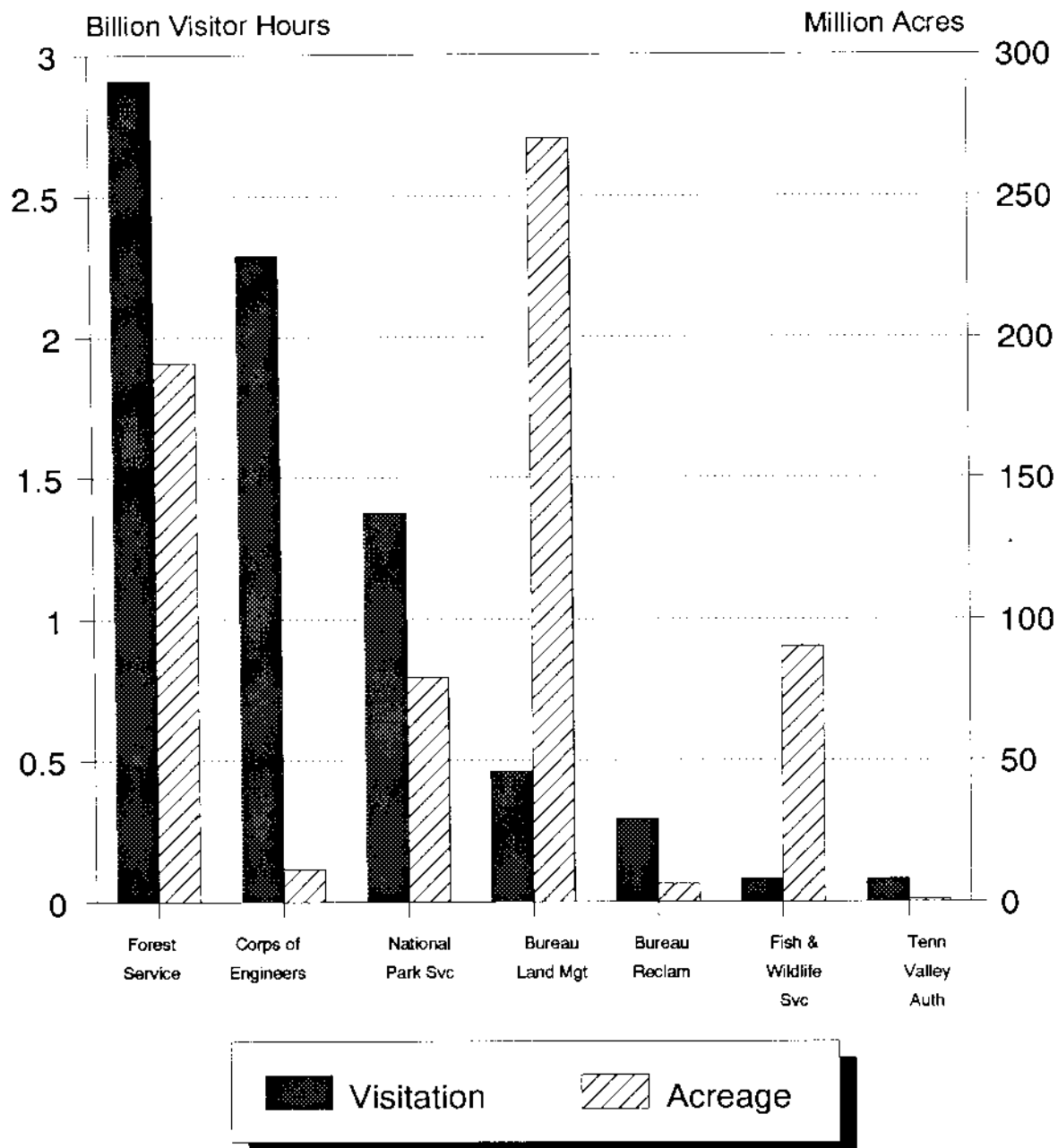
Table 1
1988 Visitation and Total Acreage for Recreation by
Major Federal Land Management and State Park Agencies

Agency	Visitation (million visitor hours)	Acres (millions)
Forest Service	2,908.0	190.8
Corps of Engineers	2,290.0	11.7
National Park Service	1,375.0	79.6
Bureau of Land Management	461.0	270.4
Bureau of Reclamation	293.0	6.4
Fish and Wildlife Service	81.0	90.4
Tennessee Valley Authority	81.0	1.0
Total, Federal Agencies	7,489.0	650.3
State Park Agencies	4,293.0	61.8

Sources: All Federal visitation is from the 1988 Federal Fee Report. Acres and Visitation for State Park Agencies are from National Association of State Park Directors Annual Report of 1988. Federal acres: Corps of Engineers from its Natural Resources Management System, National Park Service from its Index 1987, Bureau of Land Management from Public Land Statistics 1988, Bureau of Reclamation from its Recreation Section, remainder from 1987 Federal Fee Report.

¹ Office of Management and Budget, Budget of the United States Government Fiscal Year 1991, (Washington, DC: U.S. Government Printing Office, 1990).

Figure 1
Recreation Visitation and Total Acreage
by Federal Land Management Agency, 1988



Source: See Table 1

To provide the setting for the subject study, the recreation management programs of the Corps, other Federal agencies, state and local governments, and the general recreation/tourism industry are briefly described in the following sections.

1. U.S. ARMY CORPS OF ENGINEERS

a. History. The U.S. Army Corps of Engineers had its genesis on 16 June 1775 when successfully engineered defenses were constructed under the direction of General George Washington's first Chief Engineer, Colonel Richard Gridley, at the Battle of Bunker Hill. The agency was officially established by the Congress on 11 March 1779.

Early Corps missions were, of course, military in nature. However, as the nation grew and the westward expansion progressed, water resources development requirements for the control of floods, provision of navigation and the provision of potable water supplies at the settlements that sprang up along the rivers and streams required engineering expertise. Thus evolved the Civil Works mission of the Corps. In 1824, Congress provided the first appropriation for work in navigable waters.

In 1872, the Corps was influential in the creation of Yellowstone, the nation's first national park. The Corps was charged with protection of its unique natural resources along with those of Yosemite National Park, until the creation of the National Park Service in 1916. At that time, the Park Service assumed jurisdiction over both of these units.

A tradition of accomplishing work by contract also began in those early days. Section 1 of the River and Harbor Act of 1875 directed the Secretary of the Army to accomplish his work by contract to the maximum extent practicable. The work was to be publicly advertised and awarded to the lowest responsible bidders.

On 10 February 1932, Public Law 16, 72nd Congress was enacted. This legislation, known as the Fletcher Act, broadened the scope of Federal interests in navigation to include the use of waterways by "seasonal passenger craft, yachts, houseboats, fishing boats, motorboats, and other similar watercraft, whether or not operated for hire" as "commerce".

Flood control activities were also added to the Corps agenda throughout the 1920's and 1930's. The Corps mission in flood control, with development of the major reservoirs and other works, set the stage for the water related recreation use that was to follow. Section 1 of the Flood Control Act of 1936 (Public Law 735, 74th Congress) declared flood control to be a proper Federal activity. It also set out the requirements for local cooperation in flood control projects that became known as the "a-b-c" requirements. They are:

(a) Local interests shall provide without cost to the United States all lands, easements and rights-of-way necessary for the construction of the project;

(b) Local interests shall hold and save the United States free from damages due to the construction works;

(c) Local interests shall maintain and operate all the works after completion in accordance with regulations prescribed by the Secretary of the Army.

Reservoir development expanded the estate and the scope of public service of the Corps. Public Law 228, 77th Congress, passed in 1941, modified the 1936 and 1938 Flood Control Acts and required the a-b-c requirements be applied only to channel and local flood protection projects and not to reservoirs. Significantly, this same Act provided for payment of 75 percent of money obtained from leasing lands at reservoir projects to the state in which the lease is located for schools and roads.

People were attracted to water for recreational purposes. The development of Corps lakes nationwide for a variety of purposes soon attracted so many visitors that the Congress began to include recreation and fish and wildlife management as a project purpose. The Flood Control Act of 1944 gave the Corps specific authority to provide public outdoor recreation facilities at its projects. Section Four of the Act states in part:

The Chief of Engineers...is authorized to construct, maintain and operate public park and recreational facilities in reservoir areas under control of (the Department of the Army), and to permit the construction, maintenance and operation of such facilities.

3 Development of multipurpose reservoir projects during the decades of the 1940's and the 1950's occurred typically in rural settings. Suburban sprawl was in its infancy. Guidance for recreation planning at that time [Orders and Regulations, (O&R) dated 15 October 1952], directed District Engineers to develop a master plan for administration and development of project land and water areas. This guidance declared that the master plan "...should be broad in scope and evolutionary in principle to permit subsequent revisions necessary to fit changing conditions." The O&R also recognized the importance of forming partnerships with state and local agencies for management of both lands and the recreation function. Further, the wide variation in state and local agencies in assuming these responsibilities was pointed out, with a caution that full participation may not be possible in the immediate future.

Prior to 1953, the amount and character of land needed for a project was largely determined on a project-by-project basis. Usually, fee title to the land up to the project design flood line was acquired. Additional fee lands were acquired as a result of "blocking out" the real property lines in order to achieve a readily identifiable and easily surveyed boundary line.

In 1953, the first Joint Land Acquisition Policy of Army and Interior (Fed. Reg., Vol. 19, No. 14, 1/21/54, pp 38) was adopted. It provided for fee acquisition of a 300-foot block-out of the conservation pool or fee acquisition to the five-year flood frequency, at agency discretion. The Department of the Army chose to apply the five-year flood frequency criterion in all cases. Consequently, land acquisition was limited to a very narrow ribbon surrounding the lakes and public access was very limited. Provision of recreation facilities for the general public was limited to basic facilities, including roads and restrooms.

In 1957, the Corps implementation of the 1953 Joint Policy was criticized by the Committee on Government Operations for not permitting efficient or full protection and development of recreation, scenic, and fish and wildlife resources. It was viewed as leading to the public expenditure of funds which contributed mainly to the benefit of private landowners whose properties abutted project lands.

As a result of Congressional hearings and recommendations, the 1962 Joint Policy was developed, but later revised. The 1962 policy provided for the fee acquisition of an area measuring 300 feet horizontally from the top of the flood control pool or to the maximum flowage line, whichever was greater. In addition, lands needed to provide access to the maximum flowage line were acquired in fee. In 1971, the Army revised its implementation of the Joint Policy to provide that fee lands would be acquired to the greater of 300 feet horizontally from the top of the conservation pool or the top of the maximum flowage line.

(b) Continued national growth, with its attendant increase in disposable income and leisure time, resulted in increased public pressures on these resources. Improved roads and automobiles came quickly, and the cities grew out to meet and surround the once rural projects. Currently, about 80 percent of Corps lakes are within 50 miles of major metropolitan areas; 94 percent are within a two hour drive.

As these dynamic phenomena were occurring somewhat simultaneously, many people purchased properties adjacent to Corps projects. Due to the narrow Federal estate that had been acquired around the pool under the 1953 Joint Acquisition Policy, the general public erroneously gained the perception of private ownership to the water's edge. Thus, a new and rather unique "public" benefitted by Corps projects evolved.

Facilities, including private boat houses, launching ramps, and picnic areas have been constructed on public lands by adjacent landowners for their own private use. Other activities on public lands have included gardening, mowing, and placing of lawn furniture, again for private use. During the 1950's and early 1960's, such use did not receive much opposition from the Corps. In fact, such activity was generally viewed as acceptable in that it provided additional use of the resources. Mounting public demands for these available resources resulted in a change of attitude, and guidance issued in 1971 (Engineer Regulation 1130-2-400) declared that, since ownership of adjacent land conveys no rights to Corps projects, private exclusive use of public lands is discouraged. Guidance contained in Engineer Regulation 1130-2-406 in 1974 required that any private docks or vegetation modifications previously developed on Corps projects be covered by a Lakeshore (now "Shoreline") Use Permit and that such development not be permitted on new projects or on existing projects where such facilities did not exist in 1974. Currently, about 50,000 private facilities and areas of vegetation modification are under permit at 100 Corps lakes.

For many years, policies have been directed toward providing high quality recreation services to the public, but pressures have steadily mounted to fund the recreation function from non-Corps sources. Attempts were made to transfer the function to other Federal agencies. Some land transfers have, in fact, occurred between the Departments of Army and Interior.

Other attempts have been less successful. In 1946, the National Park Service assumed management of Lake Texoma from the Corps. This was a trial effort at managing a water resource project. The plan was to shift management of all projects to that agency after completion of the trial period. After one year, the Park Service returned Lake Texoma to the Corps and refused assumption of further projects. The Service noted that management of multipurpose reservoirs requires some unique skills that they did not possess. Further, they were not inclined to develop those skills since the management of such projects did not fit the mission of preservation under which the Park Service operated.

Attempts have also been made to shift the financial responsibility of providing this service from the Federal sector to non-Federal agencies and to the private sector. Although the Corps has not been able to transfer the financial responsibility at all projects, it has been able to obtain substantial non-Federal assistance in operation and management of its recreation areas and programs.

As noted, the Corps of Engineers has a history of accomplishing work by contract that goes back to 1875. Since at least 1944, active involvement of state and local agencies in carrying out the recreation mission has been underway. Several specific plans have been implemented with the objective of obtaining maximum non-Federal involvement. Today, non-Federal interests manage 47 percent of the 4,290 recreation areas located at 459 Corps lakes. (10)

Although state and local partnerships through leases and licenses under authority of the 1944 Act had been very successful, an accelerated program was initiated with implementation of the Code 712 Program. By memorandum dated 18 November 1966, the Special Assistant to the Secretary of the Army (Civil Functions) requested development of a specific plan to encourage local authorities to assume responsibility for recreation management at Corps projects. The program entailed construction of recreation facilities at 100 percent Federal expense with subsequent turnover to non-Federal public agencies for continued operation and maintenance. The objective was to achieve a turnover to state and local agencies of as many Corps recreation areas as possible in a five year period beginning 1 July 1967.

The program was initiated in 1969. A \$38 million, five-year program was developed in response to the request. The program was identified as Code 712 because it was a sub-class of the appropriations Code 902-710 Program of the Construction-General account, entitled "Recreation Facilities at Completed Projects." The program was premised with the requirement that letters of intent be furnished by non-Federal public agencies to assume operation and maintenance of the public recreation areas after completion before they could be included in the program. Nineteen state and local agencies provided the required letters of intent to the Corps to take over responsibility for 68 recreation areas located at 32 projects.

Unfortunately, the wide diversity of non-Federal capability created an unbalanced program since a few states had adequate funding to cooperate fully while others had virtually no capability to participate. Only eleven states had public agencies which cooperated with the Corps in this program. Of these, over 90 percent of the total development was requested by

agencies in eight states. About thirty-seven percent of the program was requested by one agency in one state.

The Code 712 Program was not successful. By 1971 several of the non-Federal sponsors began returning facilities to the Corps due to their own funding problems. Areas were returned in various stages of development, or sponsors withdrew their assurances prior to development. When the program was discontinued in 1976, a total of over \$22.7 million had been spent on it.

Several inadequacies contributed to the failure of the Code 712 Program. First, the financial and managerial capacities of non-Federal agencies varied significantly throughout the country. The geographic locations of local agencies that had the financial capability, expertise and willingness to assume recreation management responsibilities did not necessarily coincide with the locations of projects that had resources available to manage or with areas that had the greatest public demands for outdoor recreation facilities and services. Second, Corps timetables for implementation of recreation management did not always match the timetables of local sponsors or their capability or desire to assume the management role. Third, funding levels were inadequate for such an ambitious program. Finally, the only requirement from the local sponsor was a letter of intent. No firm commitments were required.

During this time frame, significant changes in the Corps recreation program were promulgated by Congress as a result of a report prepared by the Outdoor Recreation Resources Review Commission (ORRRC), established by PL 85-470 in 1958. ORRRC analyzed the role of construction agencies in recreation development and management and released a report in 1962 that led to the passage of PL 89-72, the Federal Water Project Recreation Act of 1965, and PL 88-578, the Land and Water Conservation Fund Act of 1965.

Public Law 89-72 mandated that full consideration be given to outdoor recreation and fish and wildlife enhancement as equal project purposes; that planning relative to the development of recreation potential be coordinated with existing and planned Federal, state and local public recreation developments; and that non-Federal public agencies be encouraged to provide not less than 50 percent of the recreation development costs and assume all operation, maintenance and replacement of recreation facilities after construction was completed. (The Act was amended with the passage of the 1974 Water Resource Development Act to change the non-Federal cost shared contribution for costs allocated to fish and wildlife enhancement from 50 to 25 percent.) Public Law 89-72 applies only to water resource development projects.

Although PL 89-72 was Congressionally applied to projects authorized during or after 1965, on August 5, 1965, an agreement was formulated between the Corps of Engineers and the Office of Management and Budget (then the Bureau of the Budget) applying the cost sharing principles of PL 89-72 retroactively to projects authorized prior to 1965. During preparation of the FY 1974 budget for recreation development at completed Corps projects, new Administration policy for this program was provided to the Corps by OMB. The policy stated:

1. Written agreements from locals to operate and maintain facilities prior to construction should be required.
2. As of July 1, 1973, all projects will require 50 percent local cost-sharing (same as in new projects).
3. Corps can proceed with recreation projects for Federal operation only if a system of user charges is put in place to recover all O&M costs.

The Land and Water Conservation Fund Act of 1965 (LWCF) provided the Corps and other Federal agencies with the authority to collect recreation fees from users of Federal recreation facilities. The rules for each agency, however, differ markedly. Initially, all agencies could collect entrance fees. The Corps charged entrance fees for a short period, but the program met with severe public opposition. The LWCF Act was modified in 1968 to prohibit all agencies from charging entrance fees. This amendment also repealed the portion of the Flood Control Act of 1944 that stated that Corps project waters would be available to the public without charge. (Section 210 of the Flood Control Act of 1968 (PL 90-483), passed shortly after the LWCF Act amendment, reiterated the prohibition against entrance fees; however, it prohibited certain other fees, including fees for access to, or use of, project water areas. The language of Section 210, codified as 16 USC 460d-3, remains in effect today). In 1972, the Land and Water Conservation Fund Act was amended to allow the U.S. Forest Service and National Park Service to charge entrance fees at certain units under their management. A 1974 amendment to the LWCF Act required the Corps to provide at least one free primitive campground at Corps projects where camping is permitted.

With regard to fee revenues, all Corps recreation use fees are deposited into a separate U.S. Treasury account. Appropriations from the account are made to the Corps based on its prior collections. Before Fiscal Year 1985, these funds were identified under a separate Corps of Engineers Civil appropriation entitled "Special Recreation Use Fees" (SRUF). Beginning in Fiscal Year 1985, the separate line item for SRUF was eliminated. Now, the Corps Operation and Maintenance, General appropriations includes an amount of SRUF funds to be derived from the separate Treasury account. As far as expenditure of these funds is concerned, until 1987, the Land and Water Conservation Fund Act specified that "revenues in the special account shall be available for appropriation, without prejudice to appropriations from other sources for the same purposes, for any authorized outdoor recreation function of the agency by which the fees were collected." Thus, user fees were above and beyond normal operation and maintenance funding and were typically used for enhancement of recreation. The 1987 amendment removed this language, so that revenues from recreation fee collection are now available for appropriation for any and all purposes authorized by the LWCF Act.

Other recent legislation affecting recreation at Corps projects includes the Water Resource Development Act of 1986 (PL 99-662). In addition to other payback requirements, this act prohibited the Secretary of the Army from requiring non-Federal interests to assume operation and maintenance of existing facilities as a condition to the construction of new recreation facilities under the Flood Control Act of 1944 or the Federal Water Project

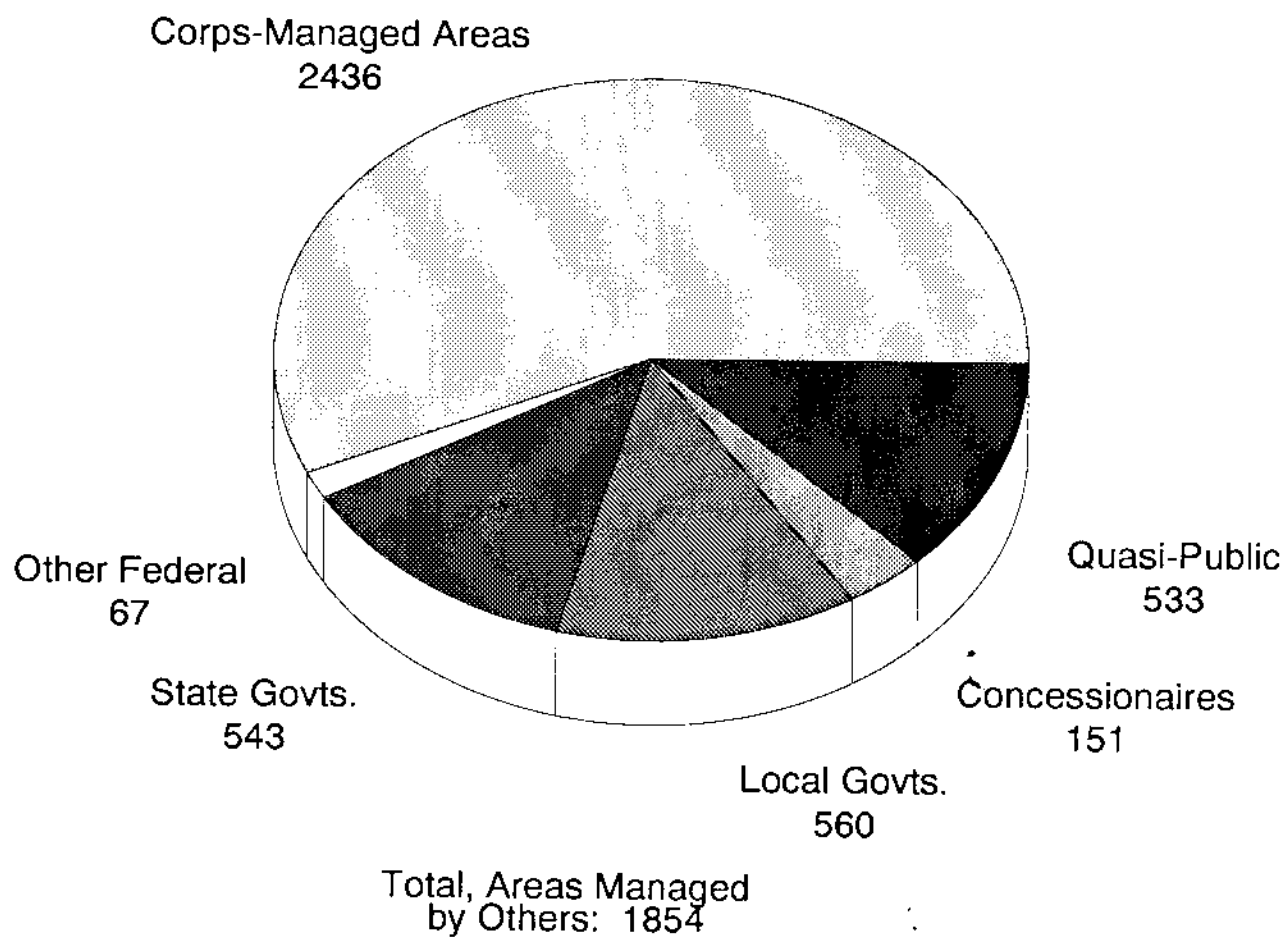
Recreation Act (PL 89-72). This act also required that cabin leases and private floating facilities lawfully under permit as of December 31, 1989, would not be removed unless the site were needed for public purposes or the lease or permit holder was in substantial violation of the lease or permit. New or renewed cabin site leases after that time would be charged lease rentals based on a fair market value. Finally, the law permitted the development of senior citizen campgrounds and extended the up-front payback provision of cost sharing to non-recreation project purposes.

② **b. Current Resource Base and Visitation.** The Corps currently administers approximately 11.7 million acres of land and water at 459 lakes and waterways reporting recreation use. In 1989, there were 4,290 recreation areas on these projects, 2,436 of which are managed directly by the Corps. Other Federal agencies managed 67 areas, states managed 543, local governments managed 560, concessionaires managed 151 and quasi-public agencies managed 533 recreation areas (see Figure 2). Corps projects having recreation facilities are located in all but seven states. The distribution of visitation, projects, and recreation areas by Corps Division is listed in Table 2.

The public use of water and water-related resources at Corps lakes has increased dramatically over the past three decades. Thirty million recreation days of use were recorded in 1952. By 1987, public use had grown to 501 million recreation days, a sixteen-fold increase. During the past ten years, recreation use at Corps lakes has increased about two percent annually. This growth rate parallels national trends in overall recreation use. In 1989, the Corps hosted over two billion visitor hours (not the same as a recreation day) of visitation.¹ Table 3 displays the distribution, by Division, of operating Corps and non-Corps recreation areas for various ranges of visitation levels.

¹ Visitation units of measurement vary significantly among agencies and within the same agency over time. The Corps collected its visitation data in terms of "recreation days" until 1986, after which an effort was made to standardize reporting of all Federal agency visitation using "visitor hours." Since several visitation measurements are, by necessity, used throughout this report, definitions of the various terms are given here. A "recreation day" of use is a visit by one person for some or all of a 24-hour period. A "visitor hour" is an aggregate of use by one or more persons amounting to one hour (one person visiting for one hour or two persons visiting for one half hour each would be one visitor hour). A "visitor day" is 12 visitor hours. A "visit" consists of a person entering a recreation area for any length duration. A statement that "x individuals visit an area each year," indicates the actual number of different individuals visiting the area. Total visitation figures are greater than the actual number of individuals since one individual may visit the project several times per year and would be counted in the overall visitation figures each time he/she visited.

Figure 2
Management Responsibility for Corps
of Engineers Recreation Areas, 1989



Source: Natural Resources Management System, 1989

Table 2
Visitation, Projects, and Recreation Areas
by Corps Division, 1989

Division	Visitation (million visitor hours)	Number of Projects	Number of Recreation Areas (Corps)	Number of Recreation Areas (Non- Corps)
Lower Mississippi Valley (LMVD)	148.8	25	197	91
Missouri River (MRD)	163.5	44	221	184
New England (NED)	22.0	32	59	22
North Atlantic (NAD)	21.6	18	42	13
North Central (NCD)	115.6	29	130	120
North Pacific (NPD)	62.0	32	97	70
Ohio River (ORD)	512.0	122	457	366
South Atlantic (SAD)	535.4	33	469	341
South Pacific (SPD)	45.6	26	99	24
Southwestern (SWD)	669.4	98	665	623
Total	2,295.9	459	2,436	1,854

Source: U.S. Army Corps of Engineers Natural Resources Management System, 1989.

464
341
123

Table 3
Distribution of Visitation at Corps and Non-Corps Recreation Areas
by Division, 1989

Number of Corps Recreation Areas

Visitation Level (in visitor hours)	LMV	MRD	NED	NAD	NCD	NPD	ORD	SAD	SPD	SWD	Total
Under 5,000	1	21	4	1	7	0	28	7	19	14	102
5,000-99,999	48	78	29	22	60	41	146	153	33	166	776
100,000-499,999	90	74	23	13	40	39	182	203	25	253	942
500,000-1,000,000	30	34	1	3	15	13	58	47	15	114	330
Over 1,000,000	28	14	2	3	8	4	43	59	7	118	286
Total	197	221	59	42	130	97	457	469	99	665	2,436

Number of Non-Corps Recreation Areas

Visitation Level (in visitor hours)	LMV	MRD	NED	NAD	NCD	NPD	ORD	SAD	SPD	SWD	Total
Under 5,000	1	17	0	1	4	0	12	13	1	82	131
5,000-99,999	18	85	13	0	76	26	94	119	6	350	787
100,000-499,999	46	40	4	7	30	30	160	109	8	107	541
500,000-1,000,000	14	15	3	2	9	11	46	44	2	28	174
Over 1,000,000	12	27	2	3	1	3	54	56	7	56	221
Total	91	184	22	13	120	70	366	341	24	623	1,854

Source: U.S. Army Corps of Engineers Natural Resources Management System, 1989.

c. Funding. The budgeted Fiscal Year 1990 Corps expenditures for recreation are \$166 million. Recreation's share of the total Corps Operations and Maintenance budget has increased over the last decade from 8.3 percent in 1980 to 10.7 percent in 1988 and a projected 11.2 percent in 1990. A summary of Corps recreation appropriations is given in Table 4.

Table 4
Corps Recreation Operation and Maintenance
Expenditures 1980-1990
(In Millions)

Year	Current Dollars	Constant 1980 Dollars
1980	82.8	82.8
1981	97.0	88.8
1982	97.9	82.9
1983	118.5	94.3
1984	140.1	109.4
1985	111.8	86.3
1986	160.4	120.9
1987	169.0	124.2
1988	190.7	136.6
1989	164.2	115.7
*1990	166.4	----

* Budgeted

Source: U.S. Army Corps of Engineers

2. U.S. FOREST SERVICE

a. History. The Forest Service was established in 1905. The agency's governing philosophy is multiple-use management, permitting the sustained yield of renewable resources while protecting the quality of the environment.

b. Current Resource Base and Visitation. Today, the Forest Service manages 156 national forests, 83 experimental forests and ranges, 19 grasslands, and 16 land utilization projects on 191 million acres of land and water¹. The agency records the largest annual visitation of all Federal agencies, 2.91 billion visitor hours in 1988.

c. Funding. Appropriations for the Forest Service's recreation program increased by an average of 5.6 percent annually during the 1980's, reaching approximately \$170 million in Fiscal Year 1989. In the partnership arena, the Forest Service's Challenge Cost Share Program (formerly referred to as Challenge Grant) continues to be a successful example of stretching limited Federal dollars by attracting outside funding and support from potential partners. The contribution from the partners to the 1988 Recreation Challenge Cost Share Pilot was \$908,000, versus \$500,000 in Federal funds, nearly two matching dollars for every Federal dollar. This grew to three million Federal dollars matched by seven million non-Federal dollars in 1989. Federal appropriations in FY 1990 of approximately \$5.5 million are expected to generate \$12 million in non-Federal contributions for Challenge Cost Share projects.

d. Future Management Strategies. The 1974 Renewable Resources Planning Act (RPA) requires the Forest Service to prepare a long-term strategic planning document every five years that provides direction for Forest Service programs. In transmitting the recommended 1990 RPA Program to Congress, the President cited four high-priority themes that will receive special emphasis during the next five to 10 years: (1) recreation, wildlife, and fisheries resources will be enhanced; (2) commodity production will be environmentally acceptable; (3) scientific knowledge will be improved; and (4) global resource issues will be responded to in a responsible manner.²

3. NATIONAL PARK SERVICE

a. History. Since the establishment of Yellowstone National Park in 1872, the dual purpose of all national parks has been preservation and public enjoyment. The National Park Service (NPS) was officially created within the Department of the Interior in 1916.

b. Current Resource Base and Visitation. Today, the National Park Service manages 49 national parks, 90 historic sites, 24 battlefield and military parks, 77 national monuments, 10 national seashores, 12 wild and scenic rivers, 17 national recreation areas, and 62 other memorials, preserves, parkways, lakeshores, trails, and other properties on about 80 million acres of land and water.³ The agency records the third highest annual visitation of all Federal agencies, about 1.4 billion visitor hours in 1988.

¹ Forest Service, Draft 1990 Renewable Resources Planning Act Program, (Washington, DC: USDA, June 1989), p. 2.

² *Ibid.*, pp. A-1 - A-29.

³ National Park Service, The National Parks: Index 1987, (Washington, DC: NPS, 1987).

c. Funding. National Park Service spent approximately \$990 million for recreation in Fiscal Year 1989. Although the Park Service still accounts for more than half of all Federal spending for recreation, its budget has declined by an average annual two percent (in current dollars) and an annual 5.8 percent (in constant dollars) during the 1980's.

d. Future Management Strategies. The National Park Service formed a Twenty-First Century Task Force in 1988 to address the long-term planning needs of the agency. The Task Force presented three components of a strategic plan: (1) an organization statement, defining the purpose of the National Park Service; (2) a compendium of trends gathered mostly from the scientific and popular presses; and (3) some implications of those trends for the NPS. The trends identified included: accelerated changes in the earth's climate; worldwide reduction of biological and cultural diversity; increased pollution affecting the natural and cultural resources of the world; an older, more suburban population with strong ethnic and minority influences; a changing National Park Service work force; an explosion of technology; transition from a national to a global economy; and knowledge as a political and institutional influence. The Director of the National Park Service, in a special edition of their newsmagazine, Courier, has requested Park Service employees to review the Task Force's findings and to provide comments and suggestions as to the future directions the agency might take.¹

4. BUREAU OF LAND MANAGEMENT

a. History. The Bureau of Land Management (BLM) was established in 1946 within the Department of the Interior with management based on the principles of multiple-use and sustained yield.

b. Current Resource Base and Visitation. BLM lands are those lands in Federal ownership that are not part of an established national park or forest, wildlife refuge or military lands. Today, the BLM administers 270 million acres of land and water primarily in the western United States. Recreation management is focused on 150 areas comprising approximately five percent of BLM-administered lands. BLM makes recreational opportunities available to the public by issuing permits to private individuals, commercial operators, and concessionaires at 290 "special recreation areas." BLM lands record more than 57 million visits annually, equating to over 460 million recreation visitor hours in 1988.²

c. Funding. Appropriations for the Bureau of Land Management's recreation program increased by an average six percent annually during the 1980's, reaching almost \$31 million in Fiscal Year 1989.

¹ National Park Service, "Preparing for the Twenty-first Century, A Call for Ideas," Courier, (Washington, DC: NPS, October 1989).

² Bureau of Land Management, Public Land Statistics 1988, (Washington DC: BLM, March 1989), pp. 46-49.

d. Future Management Strategies. BLM completed its Recreation 2000: A Strategic Plan in 1989 to provide direction to the agency in the next century, to "...provide a clear statement of BLM recreation management policies" and to make recreation "...an equal partner within the family of multiple-use management."¹ Recreation 2000 identifies nine major challenges critical to BLM's long-range policy objectives: budget/marketing strategies; visitor information and interpretation; resource protection; land ownership and access adjustments; partnerships; volunteers; tourism programs; facilities; and permits, fees, and concessions. The challenges are described in terms of goals, issues, and management objectives, with 100 agency "action items" designed to implement these goals.

5. BUREAU OF RECLAMATION

a. History. The Bureau of Reclamation was established by the 1902 Reclamation Act to develop water resources in 17 western states. Over the years, Reclamation moved away from the single-purpose development concept that had guided its early agricultural projects and embraced a multipurpose approach to water resources development. The recreational opportunities afforded by Reclamation reservoirs were initially incidental benefits, but the growing popularity of Reclamation's reservoirs soon resulted in project plans incorporating visitor facilities.

b. Current Resource Base and Visitation. Today the Bureau of Reclamation administers over six million acres of land and water at 298 developed recreation areas on water developments providing recreation opportunities in the 17 western states. Since the passage of PL 89-72 in 1965, Reclamation has cost shared in the development of recreation and fish and wildlife facilities with other state, local, and Federal agencies. In general, Reclamation has turned these facilities over to the other agencies for operation and maintenance after construction was completed. It retains some management responsibilities for recreation at 47 projects and has specific authority to plan, develop, operate, and maintain recreation at only one project: Lake Berryessa in California.² The agency recorded 77.8 million visitors at its 298 recreation areas in 1988. In the same year, 294 million recreation visitor hours were recorded at those recreation areas collecting user fees.

c. Funding. Appropriations for the Bureau of Reclamation's recreation program decreased by an average two percent annually during the 1980's, dropping to about \$10.5 million in Fiscal Year 1989. Estimates for 1990 show a significant turnaround to about \$17.5 million, as the agency's recreation budget again reaches levels comparable to those of the early 1980's (in current dollars).

¹ Bureau of Land Management, Implementation Plan for Recreation 2000: A Strategic Plan, (Washington, DC: BLM, May 1989), p. 2.

² Richard A. Crysdale, "An Agency for All Recreation Seasons," National Society for Park Resources Newsletter, (Alexandria, VA: National Recreation and Park Association, August 1989), pp. 2-3.

d. Future Management Strategies. The Bureau of Reclamation has recently undergone a major reorganization. According to the Bureau's Recreation Planning Section, some of their current recreation-oriented management concerns include: recreation visitation at many projects exceeding original design capacities; "overflow" use adversely impacting adjacent undeveloped lands; and uncontrolled use by some off-road vehicles, campers, picnickers, and other users resulting in resource degradation. Under the reorganization, the Bureau is seeking greater land management authority and a greater commitment to implement resource management plans for all of their projects.

6. U.S. FISH AND WILDLIFE SERVICE

a. History. Since 1903, the Department of the Interior's U.S. Fish and Wildlife Service (USFWS) primary mission has been to conserve, protect and enhance fish, wildlife, endangered species, and certain marine mammals and their respective habitats.

b. Current Resource Base and Visitation. USFWS areas encompass 443 national wildlife refuges on over 90 million acres of land and water. Currently, 327 refuges are open to some form of public use, although recreation is regarded as a secondary use of refuge lands.¹ The agency recorded 81 million recreation visitor hours in 1988.

c. Funding. USFWS analysts estimate that two percent of the agency's annual national wildlife refuge funding is spent on recreational programs. Using the agency's own "two percent estimate", appropriations for recreation increased by an average 3.5 percent annually from 1984 to 1990, reaching an estimated \$2.5 million in Fiscal Year 1990.

d. Future Management Strategies. The USFWS is involved in many public participation programs that lend financial and human support. These include volunteers, Challenge Cost share, Youth Conservation Corps, Cooperating Associations and Adopt-a-Refuge programs. The Volunteer program, initiated in 1978, today has 9,700 people contributing over 478,000 hours annually.

7. TENNESSEE VALLEY AUTHORITY

a. History. The Tennessee Valley Authority (TVA) was created by an Act of Congress on May 18, 1933, to develop the Tennessee River valley. Since its inception, TVA's recreation policy has been to identify the recreation resources, to encourage development by other public agencies and private investors, to provide technical assistance where needed, and to provide basic facilities where necessary to assure safe access to the lakes and protect the shoreline from

¹ Nancy A. Marx, "Public Use and Participation on Resource Management Areas: Issues for Interpretation from a Fish and Wildlife Perspective," (Washington, DC: U.S. Fish and Wildlife Service, 1989), pp. 1-3.

misuse. Beginning in 1937, TVA started leasing lands to non-Federal public agencies for recreation development. Outright transfer of lands to these agencies began in 1945.

b. Current Resource Base and Visitation. Today, TVA has regulatory control over development at 118 non-Federal public parks, 455 public access areas and roadside parks, 140 TVA-improved public recreation areas, 28 state wildlife management areas, 55 group camps and clubs, and 298 commercial recreation areas on over 600,000 acres of land and water.¹ Visitation to all TVA sites totalled 81 million visitor hours in 1988.

c. Funding. According to TVA's Recreation Program Office, the annual budget for operation and maintenance of all TVA recreation areas in the years 1987-1989 was approximately \$4.5 million, about a 50 percent reduction from pre-1980 levels.

d. Future Management Strategies. TVA's policy for facility management is presented in its Recreation Resources Ten Year Action Plan, implemented in 1979. The agency's long-standing goals are to encourage others, both private and public entities, to develop parks and recreation facilities wherever feasible and to improve management of its own areas. Agency assistance in the growth and enhancement of recreation development is illustrated by TVA's 1990 budget testimony. In response to questions from members of Congress, the Chairman of TVA stated they are considering changing their lake management policies to, in part, "support economic growth based on recreation and tourism by delaying summer drawdown on 10 tributary lakes until August 1."²

8. STATE AND LOCAL GOVERNMENTS

a. Current Resource Base and Visitation. State parks, recreation areas, forests and wildlife areas encompass over 60 million acres. Municipal, county and regional parks and forests account for an even larger number of recreation sites but a much smaller number of acres. According to the President's Commission on Americans Outdoors (PCAO), there are 67,685 municipal parks totalling almost three million acres. Counties administer more than 17,000 recreation areas of various types totalling over five million acres.³ A total of 710

¹ Tennessee Valley Authority, "Recreation Resources Development," TVA Handbook, (Knoxville, TN: TVA, 1987), pp. 184-193.

² Marvin Runyon, "Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, Second Session," Energy and Water Development Appropriations for 1991, (Washington, DC: U.S. Government Printing Office, 1990), pp. 169-170.

³ President's Commission on Americans Outdoors, Report and Recommendations to the President of the United States, (Washington, DC: PCAO, December 1986), p. 41.

million visits were enumerated by the National Association of State Park Directors in 1988. The overwhelming majority of these recreationists (over 92 percent) were day-use visitors.¹

b. Funding. The operating budget for all state parks totalled about \$900 million in 1988, with outlays for fixed capital investments totalling about \$350 million more. Outlays for recreation by individual states varied widely, with the proportion of state government operating budgets spent on state parks ranging from a low of 0.07 percent in Virginia to a high of 1.09 percent of the state budget in Arizona. Nationally, states dedicated an average 0.29 percent of their operating budgets to state park agencies.²

In 1985, a total of almost \$11 billion was spent specifically for recreation by Federal land management agencies, states, and local parks and recreation departments. Most of that was for operation and facilities maintenance; smaller portions were for acquisition, facilities development and rehabilitation.³ The Federal government contributed \$1.62 billion, or approximately 15 percent of total spending for recreation; states and local governments contributed the remaining 85 percent. It is the Federal share, however, that provides most of the water-based recreation opportunities.

9. RECREATION/TOURISM INDUSTRY

Tourism is a powerful economic force, the third largest industry in the country. According to the PCAO, American consumers spent over \$260 billion on recreation in the United States in 1984. These expenditures generated almost five million jobs and Federal, state and local revenue of about \$14 billion, nine billion and three billion, respectively. By 1988, according to the U.S. Travel and Tourism Administration, tourism revenues had grown to \$330 billion, generating nearly six million jobs.⁴ In 1989, The Washington Post reported that an estimated 38 million foreign tourists would spend over \$40 billion in the United States that year.⁵ At the Federal level, one study projects that over the next 50 years, one national forest will produce just \$110 million from timber sales but almost six times that amount, \$640 million, from recreation expenditures. Government at all levels invested eight billion dollars in recreation and park programs in 1982, or slightly over \$100 for every American household, but

¹ National Association of State Park Directors, Annual Information Exchange, (Washington, DC: National Association of State Park Directors, April, 1988), p. 10.

² Ibid., pp. 15-22.

³ President's Commission on Americans Outdoors, p. 193.

⁴ U.S. Travel and Tourism Administration, Report of the Federal Task Force on Rural Tourism to the Tourism Policy Council, (Washington, DC: Department of Commerce, August 1989), p. 6.

⁵ John Burgess, "Foreign Tourists Nearly Outspend Americans," The Washington Post, (Washington, DC: Washington Post Co., Vol. 112, No. 363, December 28, 1989), p. E-1.

the users of these government programs received total benefits of \$25 billion, resulting in a benefit/cost ratio of better than three to one.¹

As one of the nation's largest providers of outdoor recreation, the Corps of Engineers plays a significant role in the U.S. tourism industry. Recent studies undertaken by the Corps indicate that significant economic activity is generated by recreation opportunities provided at Corps projects. Visitors to Corps projects in 1988 spent more than \$10 billion for such non-durable goods and services as food, fuel, bait, restaurant meals and lodging. This trip spending generated an estimated eight billion dollars of income and over 265,000 jobs for local economies. Trip spending alone by visitors to Corps projects accounted for approximately three and a half percent of all tourism spending and resulted in about five percent of all tourism employment. This does not include the spending on such durable items as boats and camping equipment that also results from Corps recreation projects. In 1988, the economic impact performance indicator used by the Corps averaged \$33 of visitor spending per O&M dollar spent.

¹ President's Commission on Americans Outdoors, p. 17.

D. PRIOR STUDIES AND REPORTS

Since 1969, the Corps has taken an in-depth look at its recreation function through four major studies and reports. Two national reviews of outdoor recreation were also conducted during this period. A brief synopsis of these reports and some of their influences on the Corps follows.

1. RESOURCE MANAGERS

The report, Corps of Engineers Resource Managers,¹ was the product of a Corps task force comprised of representatives from Operations, Planning, Engineering and Real Estate functions. Multiple elements were represented to capture the interdisciplinary aspects of managing the recreation function. The report made some comparisons among the water resource agencies with respect to their recreation management functions.

The report identified the basic objectives of the Corps relative to encouragement of non-Federal participation in the recreation program. It stated that, by the end of 1968, the Corps had entered into 941 leases with state and local agencies. The report cited several reasons why all the recreation function had not been delegated to others. These reasons include: large lakes could not be readily managed as a public park; the fiscal, technical and management capacities of state and local agencies varied widely, were not uniformly adequate, and did not always match up with Corps areas that were available or where recreation demands were high; recreation was only one function of the overall management job of maintaining and protecting project resources; large projects attract users from across state and local institutional boundaries, and the job of accommodating heavy visitation could only be reasonably handled at the Federal level.

Private investors had been actively engaged in operating marina concessions for several years. The report recognized and encouraged the continuation of private investment in the Corps recreation program. However, it cautioned against requiring excessive investment from individual concessionaires. Some form of subsidy would likely be needed. The subsidy would probably be in the form of professional market research analyses or provision of some basic site attributes such as roads, parking, utilities or water supply.

The report also recognized the importance of recreation as a project purpose. Projects were cited where recreation benefits were required for economic justification (e.g., J. Percy Priest Lake). Other lakes, including Lake Texoma and John H. Kerr Dam and Reservoir, where recreation was not a specifically authorized purpose, but became a priority function, were also discussed.

¹ Office, Chief of Engineers, Corps of Engineers Resource Managers, (Washington, DC: U.S. Army Corps of Engineers, July, 1969).

Several significant actions resulted from this study. The Corps leadership realized that it would not be possible to totally shift responsibility for recreation to others; however, the posture of encouraging state, local and private assistance would be continued. In order to cope with the responsibilities incumbent upon the Corps to provide stewardship for the natural resources and management of the recreation use of those resources in a professional manner, some organizational changes were made. Environmental Resources Sections were established in the Planning Branches of Engineering Divisions in districts and divisions. An Environmental Resources Branch was created in the Planning Division of the Civil Works Directorate at Headquarters. On the Operations side of the house, Recreation-Resource Management Branches (later, generally, renamed Natural Resources Management Branches) were established in the Civil Works Directorate at Headquarters and in the district and division offices.

Goals of the recreation-resource management program were established as follows: encourage maximum sustained public utilization of project resources; minimize conflicting resource uses; maximize public service coupled with prevention of privileged occupation of Corps owned lands; and, attentiveness to changing recreation technology and user preferences. These goals formed the nucleus for development of guidance to the field offices on several important aspects of recreation and natural resources planning and management. Several regulations and other key guidance were issued as a direct result of this study. In addition, budget accounts for Natural Resource Management and Outdoor Recreation were established in the Operation and Maintenance (O&M) Budget in September, 1973.

2. PUBLIC RECREATION NEEDS

Dr. Edward Crafts, formerly the Deputy Director of the U.S. Forest Service and Director of the Bureau of Outdoor Recreation, was contracted by the Corps to conduct an independent review of the recreation management function as a follow-on to the 1969 Corps study. Dr. Crafts' extensive experience and contacts enabled him to quickly analyze the Corps program and make some comparisons with similar programs of sister agencies.

Dr. Crafts' report, How to Meet Public Recreation Needs at Corps of Engineers Reservoirs,¹ generally coincided with, and supported, the findings of the 1969 Corps study. Dr. Crafts called for a reorganization of the Civil Works Directorate to give upgraded status to a "Division of Reservoir and Land Management." Failing such a reorganization, Dr. Crafts recommended transfer of recreation planning, site selection and design functions to the National Park Service and transfer of reservoir lands and management functions to the U.S. Forest Service. He concluded that the Corps is treated inequitably among most Federal agencies in terms of requiring non-Federal cost sharing for recreation projects. He also pointed out the wide range of expertise and financial capability among state and local agencies. He stated that the problem is compounded by the requirement to cost share on projects authorized before 1965, although such projects are legally exempt. He proposed transferring as many projects as

¹ Edward C. Crafts, How to Meet Public Recreation Needs at Corps of Engineers Reservoirs, (Washington, DC: December, 1970).

practical to the U.S. Forest Service and grouping Corps lakes into National Recreation Areas for Corps administration.

3. LAND USE

The report, Study of Land Use for Recreation and Fish and Wildlife Enhancement,¹ was written to comply with a 1974 Congressional mandate that directed the Corps to study land use practices and recreational uses at its water resource development projects.

The report reached several conclusions. First, the Corps planning process did not consider changes in the character of recreation demand over time, regional distribution of use or facilities or competition between recreation suppliers. Second, privately owned land areas adjacent to Corps lands significantly affected recreation overuse and underuse at Corps lakes. Third, the decentralized nature of the Corps organization and the horizontal staff structure at the district level provided flexibility to meet a wide variety of conditions and workloads, but failed to provide a balanced overview of resource problems. However, decentralization over a long period of time encouraged distinctive engineer districts that interacted differently with common state agencies. Fourth, restrictive lease conditions discouraged private individuals from making large capital investments at Corps lakes. Finally, compared to the Corps, the six Federal land management agencies studied (National Park Service, U.S. Forest Service, Bureau of Land Management, U.S. Fish and Wildlife Service, Bureau of Reclamation, and Tennessee Valley Authority) did not have a mission which was broad enough to encompass the wide-ranging water resource related duties of the Corps.

Four approaches to the management of Corps lands were evaluated: (1) lease or sale to the private sector; (2) transfer to other Federal agencies; (3) transfer to state or local governments; (4) retention under Corps management (with the Corps continuing to operate physical facilities for flood control, navigation, hydroelectric power, low-flow augmentation, and other purposes authorized by Congress). The chief advantage of private sector operations was the development of high density, capital-intensive recreation facilities and greater provision of amenities. The disadvantages, according to the report, included reduced opportunities for extensive recreation experiences, wildlife management, public hunting, and fishing, as well as the adverse effect on other Corps programs resulting from personnel being diverted to functions involving lakeshore management and private sector coordination.

According to the report, the transfer of the Corps recreation program to other Federal agencies would severely strain the recipient agency's budget and personnel capabilities (especially those with little experience with large-scale visitation). The authors considered most state and local governments as having inadequate resources to effectively meet the full range of recreation resources responsibilities associated with managing all Corps projects.

¹ Coastal Zone Resources Corporation, Study of Land Use for Recreation and Fish and Wildlife Enhancement, (Wilmington, NC: Coastal Zone Resources Corporation, May, 1975).

In general, the report recommended Corps retention of its lands with continuation of its lease and partnership programs. On the legislative front, the report recommended that Congress formally direct the Corps to protect and manage the public lands of its projects to the maximum extent possible for recreational purposes in perpetuity. The Corps should be authorized to construct, operate, and maintain recreation facilities at any existing or future project or at facilities abandoned by lessees. Finally, PL 89-72 should be clarified to prohibit retroactive application of its cost sharing provisions.

4. ARMY NATURAL RESOURCE MANAGEMENT

The report, An Evaluation of U.S. Army Natural Resource Management Programs on Selected Military Installations and Civil Works Projects,¹ was authored by a three-member "blue ribbon" review team, invited by the U.S. Army in April 1984 to assess the status of natural resource management programs carried out on Army civil and military lands. The team visited eight military installations and eight civil works projects that represented a wide range of geographical, ecological, administrative, and program characteristics. The review team focused on the resources available at each project, the management decision process, programs being carried out, management constraints, and opportunities for improvement.

A summary of the team's recommendations to the Secretary of the Army that are germane to the Corps recreation program included the following. First, authorize the Corps to manage its lands and waters more intensively for public use purposes, as well as stated water/land management purposes. Second, reexamine and reconsider the May 1984 policy (enunciated in Engineer Circular 1130-2-183) of disposing of "excess" lands at Civil Works projects (because, according to the report, while these lands may not have been leased or used for park or recreational purposes, they do help ensure water quality in, and access to, reservoirs, as well as future recreational opportunities). Third, establish the principle of collecting entrance and user fees at water resource development projects and dedicating those funds to maintaining and managing the resources at those sites. Fourth, seek amendment to the 1965 Federal Water Project Recreation Act (PL 89-72) to remove the legal roadblock to managing Corps lands to meet public recreational demands. Fifth, evaluate thoroughly the law enforcement authorities and activities at Corps projects, with the view to strengthen efforts to handle current and anticipated increased natural resources and visitor needs more realistically. Finally, reduce, where possible, the frequent mowing of large open grassy areas at Corps projects to curtail maintenance costs.

5. PRESIDENT'S COMMISSION AND DOMESTIC POLICY COUNCIL REPORTS

The President's Commission on Americans Outdoors (PCAO) was appointed by Presidential Executive Order 12503, dated January 28, 1985, to reconsider and update the 1962

¹ Laurence Jahn, C. Wayne Cook, and Jeff Hughes, An Evaluation of U.S. Army Natural Resource Management Programs on Selected Military Installations and Civil Works Projects, (Washington, DC: Report to the Secretary of the Army from the Review Team, October 1984).

report of the Outdoor Recreation Resources Review Commission. Its report, Report and Recommendations to the President of the United States¹, was submitted to the President in 1986. The Interagency Task Force on Outdoor Recreation Resources and Opportunities was chartered in August 1987 by the Domestic Policy Council to prepare proposals for the President to further develop outdoor recreation opportunities. It was directed to study the Report and Recommendations of PCAO and to examine the Administration's recreation initiatives and accomplishments and current recreation activities administered by executive departments and agencies. The Council's report, Outdoor Recreation in a Nation of Communities - Action Plan for Americans Outdoors, was published in July 1988.²

As noted by Marion Clawson, a senior fellow emeritus of the Resources for the Future (an independent research organization), although the two reports differed substantially in tone, both studies reached many similar conclusions.³ The President's Commission conveyed a sense of urgency and concern about deteriorating Federal funding for outdoor recreation, while the Domestic Council's Task Force was congratulatory, citing many recent accomplishments. Among other recommendations, both studies cited the need for improved coordination and the collection of comparable recreation data by Federal agencies, the importance of local organizations in the planning for and provision of recreation opportunities, the need for greater involvement by the private sector, the potential for greater use of volunteers, and the need for greater reliance on fees at Federal recreation sites.

Conclusion. It was against this background that the current Recreation Task Force proceeded with its study to develop a plan to maintain and enhance public recreational opportunities while reducing Federal costs for development and operation of recreational facilities. The following chapter describes the process used to accomplish this mission.

¹ President's Commission on Americans Outdoors, Report and Recommendations to the President of the United States, (Washington, DC: PCAO, December 1986).

² Task Force on Outdoor Recreation Resources and Opportunities to the Domestic Policy Council, Outdoor Recreation in a Nation of Communities - Action Plan for Americans Outdoors, (Washington, DC: U.S. Government Printing Office, July 1988).

³ Marion Clawson, "The Federal Role in Outdoor Recreation," Resources, (Washington, DC: Resources for the Future, Spring 1990), pp. 11-14.

CHAPTER II ORGANIZATION AND PROCESS

A. ORGANIZATION

To meet the objective of the study, the Recreation Task Force was organized as a tri-level management system. This insured the active participation of top echelon, middle management and technical level personnel in the development of the proposed plan. Members of the Corps of Engineers Recreation Study Team are listed in Volume II, Appendix A. The duties of key positions are given below.

1. TASK FORCE

a. Chairman. The Task Force Chairman was responsible for applying the appropriate resources, establishing performance standards and milestones and a system of review conferences to assure that the Task Force objectives were met.

b. Policy Steering Committee. The Policy Steering Committee advised the Task Force Chairman on strategies and alternatives for achieving the study objective. This committee also reviewed study progress and made appropriate recommendations on practicable measures to assure compliance with the Recreation Task Force Charter.

c. Management Team. Each member of the Policy Steering Committee appointed a representative to serve on the Management Team. In addition, a member was assigned from the Public Affairs Office. Members of this team assisted the Executive Director in the day-to-day operations of the study effort related to their areas of expertise.

d. Executive Director. On behalf of the Task Force Chairman, the Executive Director had full-time responsibility for the administration and day-to-day operation of the overall study, including liaison with the Policy Steering Committee, the Management Team, technical resources and the non-Federal sector. He was also responsible for coordinating publication of the final report.

e. Technical Study Manager. The Technical Study Manager was responsible for the development and implementation of the Scope of Study and Detailed Study Plan. He established requirements for technical data acquisition, retrieval, analysis and coordination with in-house and outside sources as needed.

B. STUDY PROCESS

An attempt was made throughout the study process to solicit information and views from a wide range of potentially interested parties, including recreation user groups, recreation providers (both public and private), suppliers of recreation equipment and services, the recreation/tourism industry, potential developers, conservation and environmental organizations, the academic community, and Corps employees.

1. INFORMATION COLLECTION

a. Corps Information Collection Task Forces. Five in-house information task forces were formed. The first task force developed initial strawman proposals for management strategies or programs that could possibly respond to the study objective. This strawman was used by the remaining task forces as the basis for their information collection efforts. The second task force reviewed existing laws, policies, and regulations governing development, enhancement, and operation of recreational facilities at Corps projects. The third task force identified potential opportunities for expanding revenue generation or for otherwise augmenting the Corps O&M budget. The fourth task force reviewed data and data base needs required to support analysis of recreation O&M policy options and to provide a basis for dialogue with non-Federal interests, both public and private. The fifth task force identified options for potentially increasing the interest of non-Federal entities in taking over the management of existing Corps recreation facilities. In all cases, the task forces did not make recommendations, but rather described a wide range of options and the potential impacts of each. Individual reports of each task force, describing their composition, task, approach, and findings, are included in Volume II as Appendices B through F, respectively.

b. Telephone Survey. To complement the in-house information task force efforts, a contracted telephone survey of organizations was also conducted. Questionnaires were developed and targeted for five groups (with the number of completed questionnaires by group noted in parentheses): non-Federal public agencies (123), Corps concessionaires (110), resort developers (37), other recreation service providers (34), and user and conservation groups (83). The contractor's final report, including a description of its process and findings, is included in Volume II as Appendix G.

c. Poll of Governors and Directors of other Federal Land Management Agencies. The Deputy Commander, U.S. Army Corps of Engineers, sent letters to all of the state governors and other Federal land management agencies, informing them of the study and its objective. The letter solicited their comments, especially about opportunities, constraints, and capabilities for expanding the role of non-Federal public and private entities in providing recreation opportunities at Corps projects. Responses were received from 37 states and two Federal agencies. Copies of this correspondence are included in Volume II as Appendix H.

d. Personal Interviews. As part of another contract effort, a series of detailed personal interviews were conducted. Individuals were selected for interview based on their involvement in known successful or unsuccessful recreation development situations or their recognized knowledge in the recreation/tourism area. A total of 44 detailed interviews were conducted, 15 of which were with individuals affiliated with designers, resort developers or development authorities; 16 were with individuals from state and local governments; 11 with Federal government agencies; and one each from academic and environmental/conservation backgrounds. A summary of the contractor's findings concerning these interviews is included as part of its final report in Volume II, Appendix I.

e. Natural Resources Management Conference Workshop. During the conduct of his study, the Corps biennial Natural Resources Management Conference was held in Nashville, Tennessee. The event was sponsored by the Natural Resources Management Branch, which is the Corps Headquarters element responsible for, among other duties, operating and maintaining Corps recreation areas. The Conference was attended by representatives from all organizational levels (i.e., project, district, division, and headquarters) of its Natural Resources Management Branch, as well as some other Corps functional elements, including Real Estate, Planning, and Research. As part of this conference, 144 of the attendees participated in workshops designed to further identify and evaluate management strategies and programs for this study. Over 100 options were rated in terms of their anticipated effect on both recreation opportunities at Corps projects and on the Federal budget burden. Employees were not asked whether the Corps should or should not pursue the options listed, but only if the options met both aspects of the study objective. They were, however, given the opportunity to comment on each option presented. Positive ratings equated to Federal expenditure reductions and maintenance or enhancement of recreation, while negative ratings corresponded to anticipated Federal budget increases and loss of recreation opportunity. The workshops were facilitated by the private contractor that conducted the detailed interviews noted above. Its summary of the Natural Resources Management Conference Workshop, including the process and findings, is included in its final report in Volume II, Appendix I.

f. Regional Workshops. A preliminary compilation and evaluation of suggested management programs and strategies was then conducted by a Working Group, consisting of Corps field personnel from various disciplines. The Working Group compiled all suggested options received, eliminated ideas that were duplicates or that could not meet the study objective, and categorized the remaining 93 options into four categories: (1) Revenue, (2) Resource Augmentation, (3) Non-Federal Public Involvement, and (4) Private Involvement. The Working Group's evaluation was further reviewed by a Field Review Group, again consisting of Corps field personnel from various disciplines. The membership of the Working Group and Field Review Group is identified in Volume II, Appendix A.

The resulting list of options was then packaged for use at six regional workshops and approved, with modification, by the Policy Steering Committee. Because individual questions on each of the 93 options would be too burdensome for workshop use, 51 questions summarizing several options or highlighting the most important or potentially controversial issues were included in a regional workshop questionnaire.

The six regional workshops (Table 5) were then held to further obtain input on the options being considered. The regional workshops were designed to elicit intensive review, in a small, facilitated workshop setting, by individuals representing diverse backgrounds and opinions. The compressed timeframe of the study, the tight schedule for each workshop, and the actual conduct of workshops in the early spring precluded a separate on-site survey of Corps visitors.

Table 5
Locations and Dates of Six
Regional Workshops

Workshop Location	Workshop Date
Portland, Oregon	March 28, 1990
Arlington, Texas	April 4, 1990
Omaha, Nebraska	April 12, 1990
Pittsburgh, Pennsylvania	April 17, 1990
Moline, Illinois	April 23, 1990
Atlanta, Georgia	April 26, 1990

In addition to general press releases inviting the public, announcements were sent to a number of individuals in each of the regions representing different backgrounds and affiliations. This action was taken to help assure a wide range of perspectives and affiliations were represented at the workshops. A total of 286 announcements were sent and 318 individuals participated in the workshops. The distribution (percentage) of announcements and attendees by affiliation is summarized in Table 6.

Table 6
Distribution of Regional Workshop
Announcements and Attendees*

Affiliation	Announcements (percent)	Attendees (percent)
Recreation users/lake association	12.6	23.5
Environmental/conservation groups	10.0	6.9
Concessionaires	12.9	11.4
Resort developers/realtors	10.0	3.9
Recreation business/industry	6.6	5.4
Chambers of commerce/tourism associations	6.6	6.3
City/county/regional government agencies	14.3	9.6
State government agencies	18.5	14.5
Federal government agencies	3.5	7.2
Academic institutions	4.2	3.0
Other	1.0	8.0
Total	100.0	100.0

*Percents may not add up to 100.0 due to rounding.

Breakout sessions, consisting of a mixture of affiliation representatives, were held at each workshop. This provided a forum for exchange of diverse ideas and opinions. Participants were also asked to rate the 51 options listed on the questionnaire in terms of whether the Corps should or should not pursue each option. To encourage an open exchange of information in the breakout sessions, the only Corps employee present was a recorder. (A Corps employee was needed to record the session since he/she would be most familiar with terms and concepts being presented.) The recorder did not participate in the discussion nor answer questions.

The contractor that participated in the Natural Resources Management Conference workshop facilitated the breakout sessions at the regional workshops. The contractor's final report, which includes a summary of the workshop process and detailed analysis of findings, is presented in Volume II as Appendix I.

2. REVIEW AND EVALUATION

After completion of the regional workshops, several members of the Working Group reconvened to compile and analyze the information received. For each option, related findings from the regional workshops, telephone survey, personal interviews, Natural Resources Management Conference workshop, general correspondence, Governors responses and the five in-house information collection task forces were compiled and analyzed. Each option was then evaluated based on the following criteria: (1) impact on the study objective, (2) compatibility with other project purposes, (3) law or policy change necessary, (4) controversial aspects, (5) pros and cons and (6) potential for success given all relevant factors. The Working Group's evaluation and recommendations were then reviewed by the Field Review Group and presented to the Recreation Task Force Management Team and Policy Steering Committee. This process formed the basis for the analysis and recommendations presented in Chapter IV.

3. NOTIFICATION OF OTHERS

To insure that all interested parties were informed of the study and its progress, a Congressional Contact and Public Affairs Plan was developed. The plan consisted of three phases: (1) the "getting started" phase included notifying Congress, advising the Corps work force, and making initial announcements to the public regarding the study purpose and process; (2) the "sustaining the effort" phase included periodic written updates and other presentations, together with a public involvement effort; (3) the "wrap-up phase" included providing a report to the ASA(CW) and notifying the Congress, the work force and the public of study results.

At the beginning of the study, the Chief of Engineers sent letters to the 33 Chairpersons and ranking minority members of the Senate and House Appropriations and Authorization Committees and their appropriate Subcommittees, informing them of the initiation and purpose of the study. Oral briefings were provided to the staff of the Office of Management and Budget (OMB) and the staffs of the Senate Environment and Public Works Committee, the Senate Subcommittee on Energy and Water Development of the Appropriations Committee, the House Appropriations Committee, and the House Subcommittee on Water Resources of the Committee on Public Works and Transportation. A memorandum was sent to all Division Commanders, informing them of the initiation of the study and requesting them to provide innovative ideas for accomplishing the study objective. An initial press release informed the public of the study and requested its input.

During the conduct of the study, bi-monthly progress reports were provided to the ASA(CW) and oral briefings were given to the staffs of the ASA(CW) and OMB. An official notification of the regional workshops was published in the Federal Register on March 7, 1990, and public news releases provided for additional public notification.

Throughout the study process, the Executive Director, Technical Study Manager, and other members of the Study Task Force made presentations on the study at such forums as regional and national conferences (e.g., Southeastern Recreation Research Conference),

professional meetings, and internal Corps workshops and conferences. They also provided interviews and information for reporters from various news media.

As a result of the official public news releases, regional workshop participation, various presentations, and follow-up news articles, a large amount of public correspondence was received concerning the study. Over 400 letters have been received from individuals, organizations, and public agencies.

CHAPTER III EVALUATION OF OPTIONS

A. INTRODUCTION

While no single solution was found for meeting the study objective, numerous options were evaluated. Many have potential for assisting the Corps in meeting the study objective in the future.

Options were evaluated on the basis of their meeting both aspects of the study objective: (1) maintaining or enhancing recreation while (2) reducing net Federal expenditures. Many options, standing alone, met only one of the two aspects. For example, increasing cost sharing could enhance recreation by encouraging more development. However, unless existing Corps O&M (exceeding the Federal cost share investment) is taken over as part of the cost sharing agreement, the net Federal expenditures would increase rather than decrease. By the same token, ideas aimed only at reducing net Federal expenditures, such as selling land, would not necessarily enhance or maintain public recreation opportunities. This disparity was taken into account by modifying the option or by noting the actions needed to meet the study objective.

The options considered are grouped under four main categories:

- (1) Revenue;
- (2) Resource Augmentation;
- (3) Non-Federal Public Involvement;
- (4) Private Involvement.

Within each of the four main categories are subdivisions under which related individual options are listed and discussed. Some options are discussed under more than one category because the options were considered from several standpoints. For example, several options under the Permit/Outgrant Revenue category are designed to increase lessee income. This results in increased rental payments, representing potential revenue for the Corps. Greater lessee income also serves as an incentive for non-Federal public or private entities to become involved in the Corps recreation program. Options addressing increased lessee income are, therefore, discussed under the Outgrant/Permit Revenue section from a Federal revenue standpoint and under the non-Federal Public or Private Involvement categories from an incentive standpoint.

B. REVENUE

Included in the Revenue category are programs or activities that relate to revenues collected from several sources: the recreation visitor (recreation fees); outgranted Corps lands (such as lease rental payments); shoreline use permits; and the sale of land, merchandise, surplus equipment or impounded property. For analysis, this category was subdivided into:

- (1) Recreation Fee Revenue;
- (2) Outgrant/Permit Revenue;
- (3) Sales Revenue.

1. RECREATION FEE REVENUE

a. Current Situation. The Corps is allowed by law to charge for the public use of specialized recreation sites, facilities and services. The Corps may also charge special event permit fees. The Corps is prohibited by law from charging entrance fees and from charging for day use activities such as sightseeing and use of the water. The Corps is also the only Federal agency that must provide at least one free campground at each project where it provides camping facilities. Senior and handicapped citizens using the Golden Age/Access Passports receive a 50 percent reduction on Federal user fees and a 100 percent discount on Federal entrance fees. Recreational boaters may use navigation locks free of charge. All revenue from recreation fees is returned to the Corps for use in operating, maintaining and in some cases, enhancing existing recreation areas. While fees are technically returned to the districts in proportion to fees collected, in recent years O&M funding has been reduced by the amount of fees collected.

b. Options Considered. Options considered under this subcategory were:

- (1) expand the Corps authority to include charging for day use;
- (2) charge an entrance fee;
- (3) charge for hunting, fishing, or trapping;
- (4) issue Corps boat licenses;
- (5) issue parking permits for boat launch areas;
- (6) reduce or eliminate Golden Age/Access discounts;
- (7) implement a nationwide reservation system;
- (8) expand the charging of variable rates depending on time and location of use;
- (9) charge for recreational boats going through navigation locks;
- (10) eliminate the free camping requirement;
- (11) charge a one-time administrative processing fee for issuing Golden Age/Access Passports;
- (12) encourage special events and charge sponsors for permits;
- (13) charge aircraft for use of public lands and waters;
- (14) charge for special releases of water from the reservoir for enhanced downstream white water uses (such as rafting, kayaking, canoeing);
- (15) institute a 1-900 toll charge telephone number for campground information (a portion of the 1-900 charge would come back to the Corps);
- (16) establish Corps membership campgrounds;
- (17) relax 14-day camping limitation;
- (18) expand existing facilities and charge for their use.

c. Evaluation of Options.

A majority of the users surveyed were willing to pay higher recreation fees, rather than see facilities closed. Private sector recreation providers also favored increases in fees because, in some cases, they regard the Corps lower fee structure as creating unfair competition. Sixty-six percent of the regional workshop participants favored an increase in fees, but only if the

revenue were returned to the projects for operation and improvements at the site. The reaction from the general public was that fees are acceptable, but the Corps should not go so far as to price the areas out of reach of the average citizen. The President's Commission on Americans Outdoors and the President's Domestic Policy Council Task Force also found the consumer ready and willing to pay higher fees where the revenues are recycled to the areas in which they are collected. Most users see this as an investment rather than as a "tax." If the area they enjoy can be continually available or improved, they are willing to help defray the costs. There was, however, some opposition voiced to new fees or charging for facilities previously provided free of cost.

Option 1: Expand the Corps authority to charge for day use.

Day use fees are fees charged on a daily basis for use of a recreation area. The Corps has submitted legislative proposals authorizing charging day use fees in addition to fees now charged for specialized sites, facilities, equipment and services. In support of that legislation, a recent Corps study estimated that gross revenues of \$20 million per year could be generated from instituting day use fees at 840 of the Corps day use recreation areas. This figure was based on fees averaging \$1.50 per car per day. Assessing two dollars per car per day would generate \$27 million in gross revenue annually.

Another view of the day use revenue generating capacity was submitted by a national organization along with other comments on the study. The organization suggested that a charge of \$.50 for each recreation day of use received by Corps projects in 1987 (the last year visitation was compiled in recreation days), would have generated \$250 million (500 million recreation days of use x \$.50). However, this figure is gross revenue based on total project visitation. Considering collection costs, declines in visitation as a result of the fee and the fact that less than 50 percent of the total project visitation occurs within Corps managed recreation areas, a more realistic estimate of maximum Corps net revenue would be \$40-50 million per year.

While a specific question on day use fees was not asked at the regional workshops, 52 percent opposed charging for "all recreation use" (11 percent were neutral). Thus, these respondents thought some recreation opportunities should be provided free of charge. Charging fees for all day uses would require a change in law (16 USC 460d-3 and 460l).

Option 2: Charge an entrance fee.

An entrance fee differs from a day use fee in that day use fees would be required for use of certain day use areas or for certain day use facilities. An entrance fee, as proposed, would be for vehicular access to any Corps managed portion of the project.

To analyze the revenue potential from a Corps entrance fee, the estimated total number of individuals who visit Corps projects at least once each year (25 million) must be reduced by those visitors who, under current law or expected policy, would not be subject to the Corps entrance fee. Such visitors include those visiting areas of the project that are leased to others

for management, Golden Age/Access Passport holders (since they are exempt from Federal entrance fees), and those with a Golden Eagle Passport purchased from another Federal agency. (The Golden Eagle Passport is the \$25 Federal entrance fee pass now in use where entrance fees are authorized). If the fee is on a per vehicle basis, visitors who walk onto the project would be discounted, as well. At projects with private development adjacent to the lake, this "walk-in" visitation can be substantial.

It is assumed that if the Corps were permitted to institute an entrance fee program, it would participate in the existing Golden Eagle program; it would not attempt to charge a Federal fee for the use of leased lands; it would honor the Golden Age/Access Passports' 100 percent discount on Federal entrance fees; and it would not charge visitors walking onto project lands. Considering collection costs and the necessity for charging a reduced fee for sightseers or one-time visitors, the greatest probable net revenue from entrance fees is approximately \$40 million per year.

This figure is based on Corps estimates of 14 million individuals visiting Corps managed portions of the project at least once per year; approximately 20 percent of the 14 million having Golden Age or Access Passports; another 10 percent having a Golden Eagle Passport purchased from another Federal agency; and another 10 percent having walked onto the project, resulting in 5.5 million visitors subject to the entrance fee. The estimated revenue was also reduced by 40 percent to account for a reduced daily fee for infrequent users and possible decline in visitation due to the new fee. The annual fee used to compute this total is \$25 per vehicle with an assumption of three visitors per vehicle. Although collection costs are not known, for this purpose, an estimate of five million dollars per year was used.

This is a very rough estimate and does not take into account all possible problems associated with collection of entrance fees. As an example, many Corps projects are accessed by a large number of roads and entrances, making efficient and comprehensive fee collection difficult. Specific research and demand studies are necessary to determine the exact collection costs, reduction in income from Golden Eagle or Age or Access Passports, walk-in visitation, sightseers and the decline in visitation likely from any change in the fee structure.

While this option presents a high potential impact on the study objective, it has its drawbacks as well. An entrance fee permit as envisioned here would be required to enter any Corps managed portion of the project accessible by vehicle. The administrative aspect of assessing this fee can be handled with an annual permit sticker to be displayed on the car, but a greater problem exists. Many of the roads traversing Corps projects are state or local highways, adding to the problem of sightseers and how to determine who should be paying what fee. A related question on charging for "all recreation uses" was opposed by 52 percent of the regional workshop participants, indicating that a charge to enter the project might not be readily accepted.

In addition to an extensive public awareness effort needed to implement an entrance fee, this option would require a change in law. The Land and Water Conservation Fund Act, as amended, (16 USC 460l) and the Flood Control Act of 1968 (16 USC 460d-3) prohibits the

Corps from collecting entrance fees. While the Corps has repeatedly requested authority to collect day use fees, it has not specifically requested authority to collect entrance fees, except for its participation in an unsuccessful interagency legislative proposal in the early 1980's.

Option 3: Charge for hunting, fishing and trapping.

Hunting use accounts for only four percent of all Corps project visitation; however, an estimated 25 percent of all visitors participate in fishing. The percent of trapping use is unknown, but is presumed to be no greater than hunting.

The greatest potential gross revenue from charging a \$10 per year fee for fishing is \$40 million based on the following. Using the estimated figure of 14 million individuals visiting Corps managed recreation areas, it is estimated that almost four million visitors fish at Corps projects (14 million x .25). A \$10 per person fishing fee could generate \$40 million in gross revenue. Assuming a \$5 million per year collection cost, the greatest potential net revenue would be approximately \$35 million. This figure does not take into account the possible decline in visitation that could occur as a result of the fee.

Instituting separate hunting or fishing fees could be difficult due to potential opposition. The demise of the interagency proposal to charge entrance fees was due, in part, to the perception that it constituted "double charging" for hunters and anglers who already pay for state licenses. A question posed to the regional workshop participants on charging for hunting resulted in 53 percent opposed. Therefore, it appears that a fee required for hunting or fishing on Corps areas would generate some opposition.

To dissipate some of the argument against fees for hunting or fishing, the fee could be for vehicular access, rather than for hunting or fishing per se. Hunters or anglers could walk in at no cost, but once they enter with a vehicle, costs are incurred by the Corps to accommodate that vehicle. These costs are not associated with the hunting or fishing license the user purchased from the state. This is essentially an entrance fee, however, so the revenue described here would be part of the estimated \$40 million entrance fee revenue. Charging an additional fishing or hunting fee to generate another \$35 million could create significant opposition.

Related Options 4-5: Issue Corps boat licenses.

Issue parking permits for boat launch areas.

According to a recent Corps estimate, approximately five million boats used Corps projects in 1988. A nominal annual fee of two dollars per boat to use Corps lakes could result in over \$10 million in fee revenue. A more reasonable fee of \$10 per boat per year could yield over \$50 million in gross revenue. Collecting all this revenue may not be possible, however.

This figure may need to be reduced by the number of boats on projects where the Corps shares management responsibilities with others. If the fee was for launching or parking at a launch ramp, a reduction could be based on the number of boats launched in non-Corps versus Corps launch areas so that the Corps does not collect revenue for the use of non-Corps facilities.

There is currently no information available to estimate the percentage of boats launched from Corps areas to determine the revenue that could be specifically credited to the Corps. Alternatively, it could be assumed that all boats on any project water are within Corps jurisdiction and thus subject to the boating fee. In any case, to gain a realistic picture of the potential revenue, some estimate is needed of the possible decline in boating use that might occur as a result of this fee.

On the negative side, several problems arise from instituting a boating fee for using Corps waters. First, current law (16 USC 460d-3) states that access to, and use of, project water areas will be free of charge. Second, states already have a boat registration fee and an additional fee for using a Corps project could be viewed as "double charging," as are proposed Federal hunting and fishing fees. Third, considerable public opposition could be expected, as has been the case in proposed boat licensing by the Coast Guard. Finally, implementation feasibility and costs must be considered. In most cases, sufficient Corps personnel are not available to enforce Title 36 provisions on project waters, and most local law enforcement agencies under cooperative agreement with the Corps do not have the authority to enforce state boating laws or the capability to patrol water areas. A fee to use boat launching ramps or to enter recreation areas with launching facilities would be easier to administer, but potential revenue would then constitute a portion of revenues already projected for entrance or day use fees.

Option 6: Reduce or eliminate Golden Age/Golden Access Passports.

Based on 1984-1987 surveys of users in 67 Corps campgrounds, an estimated 20 percent of the campers have Golden Age or Golden Access passports entitling them to a 50 percent reduction in recreation use fees. Camping revenue in 1989 was \$15 million. Had all campers paid the full fee, the additional revenue in 1989 would have been less than two million dollars (20 percent with passports x 50 percent reduction in fees x \$15 million). This figure does not account for the loss in visitation as a result of imposing full fees.

The effect of these passports on proposed entrance fees is greater since the revenue potential is greater and the fee reduction is 100 percent instead of 50 percent. Based on the estimates used to compute possible entrance fee revenue, the Golden Age/Access Passports could account for an estimated \$25 million in lost revenue per year (three million individuals with passports / three per car x \$25 per car = \$25 million that would have been collected in entrance fees had the passport holders paid full price for entrance). Cutting the passport reduction for entrance fees to 50 percent or giving only a 25 percent reduction during peak visitation periods would result in a loss of approximately \$10 million per year and may represent an acceptable compromise.

In addition to the limited effect on existing camping fees, eliminating or reducing Golden Age/Access discounts would be unpopular with certain segments of the public. The reaction to this idea at the regional workshops was mixed. Thirty-five percent favored the idea, while 43 percent opposed it. Several letters were received asking that the Corps not reduce

discounts since many senior citizens are on fixed incomes. Others believed that retired campers have more discretionary income and so should not be given the discount.

Implementing this option would require a change in the Land and Water Conservation Fund Act, as amended (16 USC 4601), which specifically created the passports for use at all Federal areas. Any changes would have to be coordinated with other Federal agencies using the passports.

Option 7: Implement a nationwide reservation system.

A nationwide reservation system would be valuable for two main reasons. First, a national reservation system could function as an effective marketing tool to inform the public of the availability and location of Corps campgrounds. Increasing the public's awareness of Corps recreation facilities could potentially lead to greater visitation, especially at underused areas and during low use periods. This could result in more revenue collected through fees. The Forest Service currently provides such a campground reservation system, with a 1-800 telephone number operated by a private contractor having direct links to individual campgrounds nationwide. Reservations for select Forest Service and National Park Service areas can currently be made through existing national reservations systems.

Secondly, joining an existing reservation system could provide better service to the recreating public at little or no cost to the Federal government. Recreational opportunities would be enhanced by better informing the public of the opportunities available to them. Some costs would be incurred in installing telephone lines or other equipment to integrate information on Corps campgrounds nationwide. These costs, however, could be partially borne by the users of the reservation system, who would be charged a fee for making the reservation. Based on the estimated number of campers using Corps campgrounds, if reservations were made for 60 percent of camping trips (the percentage observed by one district conducting a reservation system on a pilot basis), and a two dollar fee was charged per reservation, five million dollars could be realized in gross revenues (four million camping trips per year to Corps campgrounds x two dollars per trip x 60 percent). Implementation and contract costs would have to be subtracted from this total in estimating any potential net revenue to the Corps. This option can be implemented within existing statutory authority.

Option 8: Expand the charging of variable rates depending on time and location of use.

Variable fees are already being charged in some areas. This entails charging higher fees for more desirable sites or during more desirable times, such as weekends. Such sites or times receive increased use, thereby costing more and providing greater benefits to the user, justifying the higher fee.

The potential revenue from implementing this option Corps-wide, using a two to four dollar variation in camping fees, is estimated to be four million dollars based on the following. The average camping fee charged by the Corps is six dollars. If, for example, the average fee

for 20 percent of the sites were increased to eight dollars to account for variable pricing on these "prime" sites, the increase in revenue would be one million dollars (\$15,000,000 per year / six dollars per night per site = 2,500,000 "night/sites" per year x 20 percent = 500,000 "prime night/sites" per year x two dollars per night/site). If the average fee were increased an additional two dollars per night per site on weekends, another four million dollars could be generated (an estimated 60 percent of the "night/sites" of use occurs on weekends). This does not take into account reductions for Golden Age/Access Passports or any decline in visitation due to this change in fees.

No change in law would be needed. As long as the fees are justified within the broad criteria of current law (16 USC 460l), the Corps may charge variable fees as a matter of policy.

Option 9: Charge for recreational boats going through navigation locks.

According to the Corps Performance Monitoring System data base, recreational craft annually locked through the inland navigation system totaled 422,000 in 1985, 457,000 in 1986, 486,000 in 1987, and 588,000 during 1989. Assuming approximately 500,000 lockages per year on average, a lockage fee of two to five dollars could generate gross revenue of one to three million dollars annually, if the fee did not result in a decrease in lockage use. Some decline in lockage would, however, be expected, especially at the higher rate. A charge of five dollars per lockage would result in a \$10 "round trip" charge per lock, and some users would probably seek new launch sites to avoid lockage charges.

In addition to the revenue potential of lockage fees, other considerations may be beneficial as well. Instituting lockage fees might result in fewer recreational boaters using locks (many "lock through" out of curiosity, rather than need). Fewer recreational transits could both reduce delays for commercial traffic (lowering the so-called "nuisance factor") and result in better water conservation and increased hydropower production (by lowering water losses caused by the mechanics of locking).

The logistics and costs of the lockage fee collection must be considered. As noted by one Corps employee, during some lockages, numerous boats are "rafted" (tied together) wall to wall within the lock chamber. Under such situations, the ability to efficiently and effectively collect a lockage fee from each boat is questionable. The collection cost would greatly reduce the potential net revenues that could be collected. In addition, peak recreation lockages may be associated with heavy navigation traffic. Delays in the lockage process from fee collection could result in further delays and increase cost to navigation traffic.

An alternative method for collecting the lockage fee is to require the purchase of an annual boat sticker. There would still be problems, however, in being able to observe the presence or absence of a sticker during high volume periods, and in collecting from those boaters without a sticker. Another alternative is to include the cost of O&M resulting from locking recreation craft as further justification for an excise tax on recreational boats and equipment, which is discussed under the Resource Augmentation section of Chapter III.

In addition to the limited revenue potential and collection problems, this option would require a change in law (33 USC 5), which, in part, prohibits charging for water craft passing through a Federally owned lock.

Option 10: Eliminate the free camping requirement.

Potential revenue from converting 191 free camping areas to fee areas was recently estimated to be \$600,000. While the revenue is minimal, charging fees would help reduce costly management problems, such as vandalism and rowdiness. In addition, many free camping areas would better serve public need by being converted to day use areas. Some opposition can be expected since the perception is that the poor use the free camp areas. However, free areas are not always used by the disadvantaged, and no other Federal agency is required to provide free campgrounds. Free campgrounds also provide competition for private and other public providers of similar facilities in the area. Implementation of this option would require a change in law (16 USC 460I).

Option 11: Charge a one time administrative processing fee for issuing Golden Age/Access Passports.

The total number of Golden Age and Golden Access Passports issued by the Corps in 1989 was approximately 36,000. A one time administration fee of \$10 per card issued would generate \$360,000. Charging a fee of \$25 would result in almost one million dollars of revenue; however, a higher fee would be likely to generate more opposition. Charging any fee for the passports would require a change in law (16 USC 460I).

Option 12: Encourage special events and charge sponsors for permits.

The Land and Water Conservation Fund Act, as amended, provides for agency collection and regulation of special event permit fees. Fees for special events have typically been based on the administrative costs incurred by the Corps in allowing the event. Such events may be small, such as a localized fishing tournament, or large, such as a boat regatta.

Corps wide revenue received from this source in 1989 was \$12,000. The potential for greater receipts from this source exists if the special events program were expanded or higher fees were charged. Although no set fee exists for special event permits, Engineer Regulation 1130-2-404 mandates a minimum of \$25. Assuming the \$12,000 is based on an average of \$25 per permit, increasing the average permit fee to \$100 would result in revenue of \$48,000 per year. This represents a minor revenue source, but if fees were used only to offset administrative costs, increasing this fee would represent a cost avoidance if all costs were recovered. Implementation of this option would require a change in policy only.

Option 13: Charge aircraft for use of public lands and waters.

Aircraft use of land or water is limited and minimal costs are incurred in allowing this use. Collection and enforcement of this fee could also prove troublesome, and potential

nationwide revenue would be minimal. A change in law (16 USC 4601 and 460d-3) would be required to charge for aircraft use of project water areas.

Option 14: Charge for special releases of water from the reservoir for enhanced downstream white water uses.

There was no specific reaction to this option except at the Natural Resources Management Conference workshop, where 43 percent of the respondents rated it as positive in terms of meeting the study objective. Implementation of this option would have a limited impact in raising revenue because of the limited number of projects where special releases for white water rafting are demanded. The practice of special white water releases is better addressed in an ad hoc fashion at the local level. Charging additional fees to generate revenue would require amending the authorizing legislation for affected projects.

Option 15: Institute a 1-900 toll charge telephone number for campground information.

There was no specific reaction to this option except at the Natural Resources Management Conference workshop, where 28 percent of the respondents rated it as positive in terms of meeting the study objective. Revenue potential is unknown, but expected to be minor, since only a portion of the 1-900 telephone number toll charge revenues would be returned to the Corps. In addition to the limited revenue potential expected, there was a general consensus among those surveyed that charging for information is inappropriate. Implementation would require a change in policy, if this option were considered a "specialized outdoor recreation service" for which charging a fee is permitted under existing law (16 USC 460l).

Option 16: Establish Corps membership campgrounds.

Under this option, all members would pay a fee and receive ID cards which would allow free entrance and a reduced camping fee. The only reaction to this option was at the Natural Resources Management Conference workshop, where 29 percent of the participants surveyed responded the idea would have a positive effect on the study objective. While a fee would be charged for campground membership, camping fees for members would be reduced, resulting in limited net increase in revenue. This option may be interpreted by some as exclusive use of public facilities. Implementation of this option may be permitted under current law (16 USC 460l) as a "specialized outdoor recreation service."

Option 17: Relax the 14-day camping limitation.

The Code of Federal Regulations governing public use of Corps projects (36 CFR, Chapter III, Part 327.7) prohibits camping at one or more campsites at any one project for a period longer than 14 days within any 30-day period without the written consent of the District Engineer. The restriction is imposed to maximize public use of facilities. Specific dollar estimates of the potential revenue are not known at this time; however, a broad relaxation of the 14-day stay limit would make more efficient use of facilities during low use periods. This

option does not include complete elimination of this requirement, since allowing long-term stays could preclude the general public from having sufficient opportunities to use the facilities.

At the Natural Resources Management Conference workshop, 45 percent of the Corps respondents rated this option as positive in terms of meeting the study objective. When respondents at the regional workshops were asked whether they thought the Corps should relax the 14-day stay limit, 66 percent of Concessionaires answered affirmatively, but less than half (44 percent) of those in the user category responded that the limit should be reduced. This option could be implemented with a change in policy, but interagency coordination would be prudent, since other Federal and non-Federal agencies impose time limitations, as well.

Option 18: Expand existing facilities and charge for their use.

The revenue potential of this option depends on the costs incurred in expanding existing facilities. Further study is necessary to determine what facilities could be added or expanded, the cost of doing so and the revenue likely to be generated from their use. Depending on the result, changes in law (such as PL 89-72) may be necessary to implement this option.

d. Conclusions.

A majority of the users surveyed expressed a willingness to pay higher fees where the revenues are returned to the areas in which they are collected. There was, however, more opposition voiced to new fees or charging for facilities previously provided free of charge. In spite of the fact that new fees would require legislation, instituting day use, entrance, boating or fishing fees would have the greatest financial impact on the recovery of recreation O&M expenses. Some of these fees, however, may be mutually exclusive. Collection costs would vary for each type of fee.

Instituting a nationwide campground reservation system, eliminating free camping, charging variable fees and relaxing the 14-day stay limit could be pursued simultaneously and could collectively result in moderate revenue generation with an overall increase in operational efficiency. With the exception of elimination of free camping, and possibly the 14-day stay limit, little opposition to these options is expected. All but eliminating free camping can be accomplished with policy changes alone. Coordination with other agencies is necessary, however.

Options that could be considered for use on a local basis, but that would not result in significant revenue Corps-wide to meet the study objective are: instituting downstream white water use charges, charging for aircraft use of the project, instituting a 1-900 toll charge telephone number, having membership campgrounds and encouraging and charging for special events. With the exception of charging for aircraft use of project waters, these options can be implemented with policy changes alone.

Charging a minimal one time fee for Golden Age/Access Passports could result in limited revenue that may be reduced by administrative costs. A higher fee would result in some

net Federal revenue, but could increase public opposition. Reducing the discount on these passports would have greater impact on Corps revenue, but could also elicit negative reactions from affected segments of the public. Both options would require a change in law and coordination with other Federal agencies honoring the passports.

Charging for recreation lockages would result in little revenue and could be difficult to implement. Charging a recreation lockage fee would require a change in law.

The option of expanding existing facilities and charging for their use must be studied on a case-by-case basis to determine if revenue generation exceeds facility expansion costs. A change in law may be necessary.

With regard to recreation fees, two general points must be made. First, if O&M appropriations are to be cut by the amount of fees collected to reduce net Federal expenditures, net rather than gross revenue should be considered. Since there is always an annual cost to collect fees, only net revenues are actually available to fund the Corps recreation program.

A second aspect to be considered in all fee charging situations is the potential liability issue. In states with "recreational use statutes," a lesser standard of care is required of landowners who open their lands for public use without charge. Once a fee is imposed, the landowner is required to do more to protect the public from hazards occurring on the property. While this should be considered, it should not automatically preclude additional fees. Without an expanded fee program, the Corps would be limited in its ability to meet the study objective.

Table 7 provides a summary of the range of potential net revenue, whether law or policy changes are needed to implement the options, and study conclusions.

Table 7
Summary of Revenue Options--Recreation Fees

OPTION	POTENTIAL REVENUE ¹	LAW OR POLICY CHANGE	CONCLUSION
1. Charge for all day use	high	law	pursue
2. Charge an entrance fee	high	law	consider
3. Charge for hunting, fishing and trapping	high	law	consider
5. Issue Corps boat licenses or boat launch parking permits	high	law	consider
6. Reduce or eliminate Passport discounts	high-low	law	consider
7. Implement a nationwide reservation system	low	policy	pursue
8. Charge variable fees	low	policy	pursue
9. Recreational lockage fee	low	law	do not pursue
10. Eliminate free camping	low	law	pursue
11. Fee for Passports	low	law	do not pursue
12. Encourage special events	low	policy	pursue locally
13. Charge aircraft for use of project land or water	low	law	do not pursue
14. Charge for special water releases for downstream recreation	low	law	do not pursue
15. Institute a 1-900 number	low	policy	do not pursue
16. Membership campgrounds	low	may be law	do not pursue
17. Relax 14-day restriction	unknown	policy	pursue
18. Expand existing facilities	unknown	may be law	consider

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

2. OUTGRANT/PERMIT REVENUE

a. Current situation. The Corps allows for the long-term use of its land, waters and/or facilities through real estate instruments, such as leases, licenses and real estate permits, collectively termed real estate "outgrants." In some cases, these outgrants are for public use (such as a lease to a state for a state park). In addition to real estate outgrants, the Corps also issues shoreline use permits for private docks and shoreline vegetation modification. Methods of determining the outgrant or permit fee vary. Public agencies pay little or no rent for recreational leases. In the case of private concessionaires, the reinvestment of profits reduces the rent paid to the Federal government. Seventy-five percent of the rent revenues from leases are returned to the states. One hundred percent of all other real estate outgrant and shoreline use permit revenues go to the United States Treasury, but none are returned directly to the Corps.

b. Options considered. Options considered under this subcategory were:

- (1) redefine and charge appropriate market value fees for all recreation outgrants and shoreline use permits;
- (2) reduce the restrictions on the type and location of private exclusive use in conjunction with public recreation, and charge a realistic fee for that use;
- (3) return a portion of outgrant/permit revenue to the Corps;
- (4) lease community or individual dock space through marina concessions instead of issuing shoreline use dock permits;
- (5) lease hunting areas;
- (6) allow sales of lottery tickets in accordance with state and local laws;
- (7) expand retail activities;
- (8) charge for fishing guides, tour licenses on lakes;
- (9) allow gambling in accordance with state and local laws.

c. Evaluation of Options. To have a direct benefit on the study objective, current law (33 USC 701c-3) should be changed to allow a portion of the recreation lease revenue and all of the remaining recreation outgrant and shoreline use permit revenue to be returned to the Corps to maintain or enhance recreation while reducing Federal expenditures. If such a change could be made, several options discussed below could result in increased revenue to meet the study objective.

Option 1: Redefine and charge appropriate market value fees for all recreation outgrants and shoreline use permits.

Under the current system of determining recreation outgrant and shoreline use permit fees, limited Federal revenue is generated. Cabin lease rent is based on fair market value. Concession lease rent is based on the Graduated Rental System, which encourages reinvestment of income into the facilities, rather than emphasizing a greater rental return to the Government. A fee is charged for licenses issued for minor activities, such as the construction of steps or electrical lines on government property, according to a preset schedule. Public agencies,

however, pay nominal or no fees for recreation leases, licenses or permits to use Corps property. Shoreline use permit holders pay a nominal fee of \$30 every five years.

The option of charging fair market value fees for all recreation outgrants was favored by several groups surveyed throughout the study. Sixty-two percent of the regional workshop participants favored the suggestion that the Corps increase outgrant revenues from leases, licenses and permits. Even respondents in the concessionaire category slightly favored this option (52 percent for, 45 percent against). Since the real estate outgrant program and shoreline use permit programs are administered under separate regulations and policies, they are discussed separately here.

a. Recreation Outgrants. In 1989, the total rental from Corps concession leases and other recreation related leases, licenses and real estate permits was approximately three million dollars. The vast majority of this revenue (over 93 percent) is generated by commercial concession lease rentals.

Based on charging commercial concessionaires 10 percent of gross revenue (rather than the average two percent now collected by the Corps), a rough estimate of the revenue potential for concession outgrants is approximately \$15 million (three million dollars times five). Realization of this figure may not be possible. In some cases, the concessionaire profit margins are so narrow that charging 10 percent of gross revenues would potentially put many out of business. A lesser rate of return (such as five percent of gross revenue) would generate less revenue (approximately seven million dollars per year), but would have less detrimental effect on concessionaires with small profit margins.

Another approach may be to adopt a policy for the government to share in a percent of gross revenue. This would not penalize concessions that are just meeting the cost of operation, but Federal revenue would vary as a result.

Although charging concessionaires higher rentals could increase Federal revenue, charging higher rental fees would be a disincentive for increasing private involvement in the provision of recreation opportunities at Corps projects. In spite of the revenue potential, this option could, therefore, have a negative effect on the study objective.

Estimates of potential revenue from charging fair market value rental for outgrants to non-Federal public agencies was not made. Existing leases with non-Federal public providers of recreation represent an incalculable cost avoidance for the Federal government. Charging more than a nominal fee for public outgrants would discourage non-Federal public involvement and would, therefore, be counterproductive to the study objective. The benefits now received from the facilities and services provided by non-Federal public outgrantees far outweigh any revenue the Federal government or the Corps could realize by charging higher fees for non-Federal public outgrants.

b. Shoreline Use Permits. Increases in fees for shoreline use permits could enhance revenue without adverse affects on the study objective. A study conducted by an in-house task

force in 1986 determined that the actual cost to administer the 38,500 shoreline use permits for private docks was almost four million dollars per year, while total revenue from the permit fees was slightly over \$200,000. Fees of \$490 for five-year permits (\$98 per year) were recommended to cover these administrative costs. Charging fair market value for these permits was considered at that time, but it was determined that the cost of doing so, and responding to expected opposition, would result in costs exceeding the expected revenue.

Seventy-two percent of the regional workshop participants favored charging market value fees for shoreline use permits. However, shoreline use fees would not have to be based on fair market value, since determining that value on a case-by-case basis can be burdensome and expensive. Several options were considered in the 1986 study, including basing the fee for shoreline use permits on the average fee charged by commercial marinas on the lake. An example given was that a 20 foot dock slip would cost \$500 per year or \$2,500 for five years. Such fees applied to shoreline use permits for private docks would more than cover the cost of administering the shoreline use permit program and would meet the study objective. The revenue potential from charging an annual fee of \$500 for the currently existing 39,000 shoreline use dock permits is approximately \$20 million. Cutting that fee in half, to address the possible opposition (discussed below), would still result in almost \$10 million per year. An additional one million dollars could be generated from the approximately 10,000 shoreline use permits for vegetation modification, if the Corps charged \$100 per year for such permits.

Realizing this revenue may be difficult. There may be opposition from holders of shoreline use permits, particularly if the fee exceeds the administrative cost of issuing the permit. Objections could be raised based on the fact that marina slip renters are receiving substantial services (such as maintenance and security), while the private dock owner must cover these costs on the private dock. To charge the same fee as a marina operator would seem inequitable. On the other hand, the private dock owner is avoiding the costs of docking at a marina and is receiving other benefits from having a private dock in proximity to his or her property, justifying the higher permit fee.

Implementation of this option would require a change in policy.

Option 2: Reduce the restrictions on the type and location of private exclusive use in conjunction with public recreation and charge a realistic fee for that use.

Private exclusive use is defined as any action which gives a special privilege to an individual or group of individuals on land or water at Corps projects that precludes use of those lands and waters by the general public. The spectrum of private use considered includes: trailers, apartments, and other long-term rental facilities; privately owned facilities, such as private beaches, lodges, docks, club docks within commercial concession areas; floating cabins, cottage sites, or timeshare memberships. It does not include such "private" commercial uses as marinas or resort hotels open to the general public for a fee. It could include, however, long-term use in conjunction with a concession, such as year-round cabin or apartment subleases. This use could enhance concession revenues and thus serve as an incentive for additional private investment in concession facilities.

Specific calculations of potential revenue from outgrants for private exclusive use were not attempted since so many variables exist. Detailed market studies would be needed to determine actual revenue potential on a case-by-case basis. It is presumed, however, that the revenue potential for extensive private development could be high. As indicated, charging a higher fee for existing shoreline use permits, alone, could generate \$21 million.

In addition to the Federal revenue potential, this option would also allow the Corps to make additional use of project lands that are needed for overall project purposes, but are not currently utilized to the maximum extent possible. Disadvantages of private exclusive use are: (1) it could preclude public use of Federal land and waters that were previously open to the public; (2) it could increase the Corps O&M expenditures for administration and management of the use; and (3) under a lease arrangement, the Federal revenue would be limited to 25 percent of the lease revenue, and the Corps would not be entitled to any of the revenue to offset O&M costs.

Several variations of this option were considered. One variation that would meet the study objective is to allow private exclusive use conditional upon the private user providing public recreation to compensate for any loss of public use of the land dedicated for private use. The private exclusive user could also assume O&M responsibilities on existing Corps areas. This variation would provide direct benefit to the Corps through cost avoidance. Additional public recreation facilities could be provided or O&M on existing areas could be reduced with only administrative costs borne by the Corps. One disadvantage is that if the private exclusive users no longer provide the compensatory public recreation opportunity or discontinue O&M of an existing Corps area, the Corps could incur significant costs in operating or removing the recreation facilities. In addition, the Corps may be unable to eliminate the associated private exclusive use once established.

A second variation of this option could be considered in areas where the private exclusive use would not significantly impact existing or future recreation areas or opportunities. That variation is to permit private exclusive use under lease agreements. (Sale of land is discussed elsewhere.) In this situation, the private exclusive user would not provide additional, or take over existing, public recreation areas, but would make lease payments for the opportunity to develop and use the area. This would increase the utilization of project lands and would generate some revenue for the Federal government.

A third variation is allowing private exclusive use through existing or new concessionaires, rather than the Corps directly leasing land or facilities to private exclusive users. As an example, a marina concessionaire could sublease trailer sites or apartments. This arrangement would reduce the Corps administrative costs of managing private use, since it is difficult for the Federal Government to be an effective "landlord," due to limited resources and potential conflicting interests. A concessionaire may be in a better position to manage the day to day requirements of private exclusive use facilities. The concessionaire would have greater (financial) incentive to assure quality facilities are maintained and that facilities are in compliance with applicable state and Federal requirements.

In the third variation, while administrative costs are reduced, less Federal revenue would be realized. The concessionaire would charge the private exclusive users for use of the facilities, but the Federal Government would receive 25 percent of the concessionaire's rental payments, not 25 percent of the payments made by the private users. However, this arrangement could enhance concession revenues and serve as an incentive for enhanced or additional private investment in recreation concession facilities. This incentive aspect is discussed more fully in Option #3 of the Private Involvement section of this chapter.

While several variations were considered, the overall option of reducing restrictions on private exclusive use received strong opposition from several groups responding to the study. Seventy-nine percent of the regional workshop participants opposed it. In addition, over 200 letters and petitions with 5,800 signatures were received from the public specifically opposing an increase in private exclusive use, even if such use were in conjunction with public recreation and subject to a fair market value fee. Much of the negative sentiment was expressed in relation to specific projects, but an overall tone of opposition was heard in other areas, as well. For the most part, respondents were philosophically opposed to private exclusive use of public lands and feared that public access to project waters and adjacent lands would be curtailed.

Reducing restrictions on private exclusive use would require a change in policy only. Under 16 USC 460d, the Secretary of the Army is given broad discretion to administer water resource project lands. The only restriction is that the leasing of lands be upon such terms and for such purposes as the Secretary deems "reasonable in the public interest." There is no statutory prohibition against private use, if the Secretary determines that such use is in the public interest (reference November 7, 1986 Army General Counsel opinion). Determining what is in the public interest would require analysis on a case-by-case basis.

Option 3: Return a portion of the outgrant and shoreline use permit revenue to the Corps.

In 1989, revenue of approximately three million dollars was generated by recreation outgrants and shoreline use permits. Under Federal law, none of this revenue is returned directly to the Corps. As noted, 75 percent of lease revenue is returned to the states and 25 percent is retained by the Federal Treasury, but is not earmarked for Corps use. This suggestion does not anticipate reducing the flow of revenues to the states, but rather supporting a legislative strategy that directs the 25 percent Federal share of lease revenue and all of the remaining recreation outgrant and shoreline use permit revenue to the Corps recreation program.

The 75 percent of lease rental revenue is returned to the states to offset the tax base loss created by Federal ownership of project lands. While reducing the states' revenues from outgrants would be strongly opposed by state and local governments, placing a cap on the amount of money that goes back to the states at current levels is an alternative with some merit. An argument in support of this option is that sufficient local economic impacts, increased taxes through property value enhancement created by recreational use of the project, and the current 75 percent share of lease revenue compensate the states for any tax base loss. Supporting a legislative strategy that places a cap on the states' share at current levels would not reduce the

states' revenues and would reserve for the Federal government any increases in revenue brought about by additional concessionaire rentals.

If outgrant or shoreline use permit fees were increased, returning a portion of the revenue to the Corps could result in significant reductions in Corps recreation O&M appropriations. If fees are not increased, this option would have less impact on the O&M budget, but it could help defray the Corps cost to administer the outgrant and shoreline use permit programs. Implementation of this option would require a change in law.

Option 4: Lease community or individual dock space through marina concession agreements, instead of issuing shoreline dock permits.

Under this option, existing marina operators would lease individual or community docks, (now provided and used by private individuals or groups under the shoreline use permit program). This would substantially reduce the four million dollars per year cost to the Corps of administering the shoreline use permit program and would also result in a fair market value being paid for maintenance and management of existing docks. The marina operator could also be responsible for providing new or replacement docks. In addition to the reduction in the Corps costs of administering the docks under the shoreline use permit program, Federal outgrant revenue would be generated through increased marina business. Success of this option would depend on the marina operator's willingness and capability to maintain docks scattered around the lake. There may be substantial opposition from dock owners, who now provide their own docks and pay a nominal fee for the shoreline use permit. Changes in the Corps shoreline use policy would be needed, but no known changes in law would be necessary to implement this option.

Option 5: Lease hunting areas.

Leasing hunting areas was not specifically addressed by any groups responding to the study. Paying for hunting access to private or public lands is commonplace; however, based on other reactions received relating to charging for hunting (see Fee Revenue section, Option #3), this may not be a popular method of generating revenue. It may also be opposed by states as an infringement on their right to manage wildlife. In addition, liability issues would be increased by charging for this use. This option could be implemented with policy changes, but the opportunities for revenue increases on a Corps-wide basis are unknown at this time.

Option 6: Allow sales of lottery tickets in accordance with state and local laws.

Allowing lottery ticket sales was considered as a way to increase lessee income, thus generating more Federal revenue. There were no specific calculations done on the potential revenue possible from allowing state lottery ticket sales. If the lottery tickets are sold only by state or local government lessees, there would be no potential Corps revenue generation. Lottery ticket sales by concessionaires, however, could increase the outgrant rental revenue.

In general, reactions to this option were mixed. Of all regional workshop participants, 38 percent favored the allowance of state lottery ticket sales on leased land, 23 percent were neutral and 39 percent opposed it. State and local government respondents were slightly more neutral; 30 percent favored the proposal, 31 percent were neutral and 39 percent opposed it. The letters from State Governors did not mention the sale of lottery tickets, but at least one state has asked for authority to do so in separate correspondence. Implementation of this option would require policy changes only.

Option 7: Expand retail activities.

This would increase private sector participation on Corps projects, thus generating more outgrant revenue. The resulting revenue potential would depend on the degree of expansion and type of activities. They could include expansion of the types of facilities now provided by concessionaires, such as tackle and bait shops, restaurants, motels, and convenience stores. They could also include new enterprises such as boat or camper sales. There could be some opposition from existing local businesses already providing these goods and services. This would probably require a change in policy only.

Option 8: Charge for fishing guides and tour licenses on lakes.

Charging for fishing guides and tour licenses on lakes could result in some revenue generation. At this time, guides and tour leaders provide these services at a cost to the user, but may pay nothing to the government. To generate revenue and avoid what may be unfair competition with concessionaires who pay rent on profits made, a tour leader or guide license fee could be charged. Revenue potential is unknown, since there is presently no way of knowing how many guides or tour leaders are now operating on Corps lakes or what the collection costs might be. Implementation of this option would most likely be through a type of concession agreement and would require a change in policy only. However, the Corps would incur administration costs for collection of fees and for monitoring guide activities.

Option 9: Allow gambling in accordance with state and local laws.

Allowing gambling was considered as a way to increase lessee income, thus generating more Federal revenue. There were no specific calculations done on the potential revenue possible from this option.

In general, there was little support for this option. Eighty-nine percent of the concessionaires surveyed responded that gambling restrictions were neither advantageous or disadvantageous to their business enterprise, and 88 percent of the users surveyed opposed gambling. Corps employees surveyed were also strongly opposed to permitting gambling. There are no known Federal statutory restrictions on allowing gambling on Corps projects.

d. Conclusions.

For the Corps to realize a portion of the funds generated from increasing outgrant/permit revenue, a change in law is needed to modify the distribution of those revenues. Currently the states receive 75 percent of all lease revenue and the United States Treasury retains 25 percent of the lease revenue, as well as all non-lease and shoreline use permit revenue. None of the revenue is directly available for the Corps to finance its O&M costs. Recognizing that significant changes in law would be needed, the ideal situation is for the Federal share of recreation lease revenue, all non-lease recreation outgrant revenue and shoreline use permit revenue to be returned to the Corps, and for the state share of lease revenue to be capped at existing levels.

If it were possible to redirect the distribution of funds, several options considered would augment the total revenue generated, resulting in increased Federal/Corps income. Increasing fees for shoreline use permits and reducing restrictions on private exclusive use and charging a realistic fee for that use could provide substantial potential revenue. Both must be pursued cautiously, however. Increasing outgrant rentals may be contrary to encouraging private and public involvement in the provision of recreation at Corps projects. Increasing private exclusive use for the purpose of revenue generation could result in greater costs to the Corps in terms of project management costs, resource loss and negative public reaction.

Allowing lottery sales or gambling could produce limited revenue. Separate correspondence indicates an increasing interest in sale of state lottery tickets. Gambling was generally opposed, but many draw a distinction between state lotteries and gambling.

Charging for fishing guides and tour licenses on lakes, leasing hunting areas and leasing community dock space through marinas may not produce significant revenue on a Corps wide basis, but could be pursued by changes in policy on a local basis for greater management efficiency.

Expansion of commercial facilities must be considered on a case-by-case basis to determine the outgrant revenue potential and possible legal or policy constraints.

Table 8 provides a summarization of the range of potential net revenue, whether a law or policy change is needed to implement each option, and study conclusions. The estimate of potential net revenue assumes that the revenue could be recovered.

Table 8
Summary of Revenue Options--Outgrants/Permits

OPTION	POTENTIAL REVENUE ¹	LAW OR POLICY CHANGE	CONCLUSION
1. Charge fair market value for outgrants/shoreline use permits	high	policy	pursue
2. Allow more private exclusive use for a realistic fee in conjunction with public recreation	high-medium	policy	consider
3. Return portion of outgrant and shoreline use permit revenue to the Corps	high-low	law	pursue
4. Lease lakeshore docks through marinas	low	policy	consider
5. Lease hunting areas	low	policy	do not pursue
6. Allow lottery ticket sales	unknown	policy	pursue
7. Expand retail activities	unknown	may be law	consider
8. Charge fishing guides	unknown	policy	pursue locally
9. Allow gambling	unknown	policy	consider

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

3. SALES REVENUE

a. Current Situation. Federally-owned real estate that is not needed for project purposes can be sold by the General Service Administration. The Corps does not sell non-real estate property, such as souvenirs and surplus equipment. The revenue from land sales goes in part to the Land and Water Conservation Fund. The remaining revenues from real and non-real estate property goes to the United States Treasury, so none are returned to the Corps.

b. Options Considered. Options considered were:

- (1) conduct land sales with receipts going to the Corps recreation program;
- (2) sell or donate artifacts;
- (3) sell firewood;
- (4) sell non-traditional items;
- (5) place vending machines in recreation areas;
- (6) initiate recycling programs;
- (7) sell abandoned, surplus, and impounded items and equipment;
- (8) seek legislation for a Federal recreation lottery.

c. Evaluation of Options. The potential revenue from the options considered here is difficult to quantify at this time. Much of the revenue potential depends on the items sold. In the case of selling merchandise, the Corps would be competing with the private sector. With regard to sale of resources (land or artifacts), the potential may be great, but opposition is significant.

Option 1: Conduct land sales with receipts going to the Corps recreation program.

There are currently about four million acres of Federally owned land at Corps projects that are above water during the recreation season at the 459 projects with recreation visitation. Of that total, approximately three million acres are within existing recreation areas, currently outgranted to others or used for operation of the project and its appurtenances. An additional unknown number of acres are subject to periodic flooding. Substantially less than one million acres remain for consideration as potentially salable.

Land adjacent to the lake would generate the greatest revenue, but is also the land in greatest demand for recreation and provides an environmental buffer to protect water quality. Actual excess land is often inaccessible or comprised of small "uneconomical remnants." The revenue potential from a one-time sale of land may, therefore, be limited. Further study is needed to determine actual revenue potential from land sales; however, it is predicted that such revenue would be in the low to medium range. To produce high annual impacts (over \$20 million per year), land sales of \$200 million would be needed to produce an annual return of \$20 million (based on an annual return rate of 10 percent).

Although a state authority charged with promoting economic development suggested that the best way to spur economic development via recreation area development is to sell some of

the land at Corps sites to private developers, the Corps could expect some opposition. At the regional workshops, 67 percent of the attendees opposed land sale. Correspondence received magnified this reaction. Over 200 letters and petitions with 5,800 signatures were received stating that public lands should not be sold.

An Illinois city mayor wrote:

The very idea of the Corps stepping out of the picture at Rend Lake breaks a trust with the people of my community and southern Illinois in general... The involvement of the Federal Government guaranteed that there would be equal and open access to these lands and waters as a public trust to all the American people.

...It is one thing if my Government buys up my family's land and the land of dozens of other families in this area and keeps that land open and available for all who wish to use it. It is quite another matter to think that the land and waters could be closed to public use by a corporation or interests outside our immediate area. That would be intolerable.

Selling Federal lands could also be contrary to other recommendations made and actions taken to safeguard Corps resources for recreation and other purposes. As noted in Chapter I, both the President's Commission on American Outdoors and the President's Domestic Policy Committee Task Force reports stated the continued protection of the environmental quality of Federal lands is critical to the provision of outdoor recreation settings. Similar statements were received throughout this study effort. For example, 75 percent of resort developers and concessionaires from other agencies responding to the telephone interview indicated a "prime scenic location" would be an essential element in their consideration of providing recreation developments on public lands. Also, the "blue-ribbon" task force, selected by the Secretary of the Army to investigate the status of natural resource management programs on Army lands, recommended "that the maintenance and management of natural resources at civil works projects and military installations are in the nation's best interests and should be carried out effectively as a good stewardship program."

Selling the land with revenue going directly to the Corps would also require a change in Federal law (40 USC 484 and 16 USC 4601) and General Services Administration (GSA) regulations (41 CFR Chapter 107). At this time, for example, land sale revenue is used, in part, to fund the Land and Water Conservation Fund. Redirecting the revenue to the Corps program alone could be opposed by the other Federal agencies who receive money from the Fund.

Option 2: Sell/donate artifacts.

While the potential revenue from this option was estimated to be medium, selling artifacts to increase revenue generated strong opposition throughout the study. At the regional workshops, 65 percent of the attendees opposed the sale of artifacts. Correspondence received validated these negative reactions. Although artifacts are expensive to curate as required by

law, the idea of selling them elicited serious ethical concerns from Corps employees. There are at least six Federal laws relating to the protection of cultural resources. Congressional, professional and public opposition to the sale of artifacts could, therefore, be expected. Donation of artifacts to responsible museums or to universities would not generate revenue, but would represent a significant cost avoidance for curation.

Option 3: Sell firewood.

Selling traditional items, such as firewood, was generally well received, but the potential revenue generation is limited (estimated at less than one million dollars per year). Selling firewood is not in contradiction with current policy or law, but such sales could put the Corps in competition with private suppliers.

Option 4: Sell non-traditional items.

The items referred to here are those the Corps has not sold to date, such as souvenirs, T-shirts, books, and maps. The actual net revenue is dependent upon merchandise costs and sales, which are unknown at this time. In any case, administrative costs would increase to implement this option. To improve the revenue potential with little administrative costs, the sale of non-traditional items could also be provided through cooperative associations, such as those used by the National Park Service and discussed under Section B, "Resource Augmentation."

The reaction of those surveyed at the regional workshops was slightly positive. It was favored by 48 percent of the attendees, while 35 percent opposed it. However, this option would put the Corps in competition with the private sector. Sixty-one percent of the concessionaires surveyed during this study responded that the Corps should not sell merchandise. Selling these items through cooperating associations would require a change in policy only; however, a change in law would be needed to allow the Corps to accept the resulting revenue as a cash donation from the association.

Option 5: Place vending machines in recreation areas.

Placing vending machines in recreation areas was considered by one of the information collection task forces to have a potential impact of less than one million dollars per year. Potential administrative costs may exceed revenue potential, and problems may also exist with regard to vandalism and accountability of the money received. Only policy changes are needed to implement this option.

Option 6: Initiate recycling programs.

Instituting recycling programs was also estimated by one in-house information task force to be of low impact; however, with the increasing interest in environmental programs, further investigation may indicate a greater revenue potential. In addition to possible revenue, such a program would demonstrate the Corps concern for the environment. Some negative reactions are possible from organizations, such as the Boy Scouts, that currently participate in

recycling programs at Corps projects, or from persons recycling discarded items to supplement their own income. For the most part, this option can be implemented with policy changes; however, there may be property disposal laws or regulations involved in recycling scrap metal or other materials.

Option 7: Sell abandoned, surplus, and impounded items and equipment.

The potential revenue is unknown at this time. However, under the current situation, revenues from these sales would go into the General Treasury and not necessarily be available to reduce the Corps O&M expenditures, although Corps administrative costs could increase. Implementation of this option, with revenue being returned to the Corps would require changes in Federal property law and General Services Administration (GSA) regulations.

Option 8: Seek legislation for a Federal Recreation Lottery.

A Federal recreation lottery (in which the Federal government would sell lottery tickets with revenue earmarked for Federal recreation programs) could produce revenue, but this idea was not acceptable to most respondents. At the regional workshops, almost 70 percent opposed this option. Other comments indicated that it was similar to gambling and should not be sponsored by the Federal government. Implementing this option would require legislation.

d. Conclusions.

The sale of land or artifacts with revenue returned to the Corps could potentially have revenue generating capability, but each met with extreme opposition from varying segments of society. Each would also require major revisions in existing Federal laws.

Selling equipment, firewood, merchandise or other traditional or non-traditional items could be pursued on a local or regional basis, but potential revenue is unknown at this time. Such sales compete with private suppliers. Only policy changes are needed.

Instituting recycling programs and placing vending machines in recreation areas could be done with policy changes and may have greater potential than estimated. Each requires further study.

Instituting a Federal Recreation Lottery could generate an unknown quantity of revenue; however, it was considered by most to be an inappropriate Federal activity. It would also require Federal legislation.

Table 9 provides a summary of the range of potential net revenue, whether law or policy changes are needed, and study conclusions.

Table 9
Summary of Revenue Options--Sales

OPTION	POTENTIAL REVENUE¹	LAW OR POLICY CHANGE	CONCLUSION
1. Conduct land sales with receipts going to the Corps recreation program	medium	law	consider
2. Sell artifacts	medium	law	do not pursue
3. Sell firewood	low	policy	pursue locally
4. Sell non-traditional items (through cooperative associations)	low	policy (may also be law)	pursue
5. Place vending machines in recreation areas	low	policy	do not pursue
6. Initiate Recycling Programs	low	policy	pursue locally
7. Sell abandoned, surplus and impounded items and equipment with revenue returned to the Corps	unknown	law	consider
8. Seek legislation to establish a Federal Recreation Lottery	unknown	law	do not pursue

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

C. RESOURCE AUGMENTATION

The Resource Augmentation category includes activities and programs that could be used to supplement or augment existing resources of the Corps recreation operation and maintenance (O&M) program. It includes, but is not limited to: volunteer programs; programs for obtaining public and private donations, including donations of equipment and labor; and programs for using subsidized labor sources, such as juvenile offenders. It also includes alternative Federal sources, such as recreation trust funds, in which the collected revenues from such activities as the sale of off-shore oil leases or excise taxes on the sale of recreation equipment are held in separate government accounts and dedicated to help fund recreation programs. This category of suggestions has been further divided into the sub-categories of:

- (1) Supplemental Labor Sources;
- (2) Volunteers;
- (3) Donations;
- (4) Supplemental Funding Sources.

1. SUPPLEMENTAL LABOR SOURCES

a. Current Situation. The use of supplemental labor includes the use of prisoners, juvenile offenders, the military and programs for the disabled. The distinction here is between "free" labor (volunteers), low-cost, subsidized labor (i.e., supplemental), and full-cost government or contract personnel. The Corps currently makes little use of supplemental labor sources in its recreation program.

b. Options Considered. Specific options considered were:

- (1) institute a senior and/or youth conservation corps;
- (2) use prisoners and/or juvenile offenders;
- (3) increase military involvement;
- (4) make use of programs to employ underprivileged youth and/or the disabled;
- (5) provide campgrounds for the homeless in exchange for maintenance services;
- (6) support a new jobs bill program (authorizing Federally-funded public service jobs, similar to the Civilian Conservation Corps of the 1930's).

c. Evaluation of Options. There are both opportunities and constraints applicable to the employment of all supplemental labor sources for O&M services. The greatest advantage of any supplemental labor program is the potential cost savings to the Corps O&M budget of using low-cost labor. The use of such labor for day-to-day operation and maintenance of recreation facilities and special services could save dollars the Corps currently spends to contract for such services. Over 80 percent of the respondents at the regional workshops indicated that the Corps should increase the use of supplemental labor sources in general.

One obstacle to the implementation of supplemental labor programs is that, unless these groups are already supervised, the administrative costs to the Corps could be significant. Supplemental labor might cost less, but it is not free. Other constraints are the Corps policies and regulations restricting the use of supplemental labor.

Option 1: Institute senior or youth conservation corps.

A senior conservation corps, similar to the non-profit "Green Thumb" programs operating in 44 states, could constitute an inexpensive source of skilled, self-supervised, and experienced workers. Experience with the California Conservation Corps, a group of paid young adults, indicates a potential for a moderate level of cost savings nationwide. On the down side, the cost of providing quarters for a youth corps on-site could be significant. Additionally, legislation would be required to establish a senior or youth conservation corps.

Option 2: Use prisoners and/or juvenile offenders for park maintenance.

A social benefit from employing prisoners or juvenile offenders is that useful work could be provided for people society currently underutilizes. Officials surveyed by telephone as part of this study reported success in local park maintenance in conjunction with prisoner release programs. Fairfax County, Virginia, for example, recently announced a program to begin using inmates to maintain county parks and trails. The county will save \$300,000 annually employing just 32 inmates and at the same time ease jail overcrowding.¹ Savings to the county will multiply as the program is expanded.

The use of prisoners and juvenile offenders was not well received by Corps personnel at the Natural Resources Management Conference. Thirty-five percent responded favorably and 30 percent unfavorably. Common objections were the cost of administering and supervising both groups and the opposition that could be expected from maintenance contractors. The presence of prisoners in a "family recreation" atmosphere was also criticized. However, 63 percent of the regional workshop participants responded that the Corps should increase the use of prisoners and juvenile offenders. Interestingly, the majority of negative votes for these options were from state and local governments, public entities that sometimes employ supplemental labor themselves and do not want additional competition (from the Corps) for this labor source. Use of this labor source would require only a policy decision.

Option 3: Increase military involvement in exchange for O&M services.

Military and reserve units, also skilled and well-supervised, could be used to accomplish specific renovation or construction projects at recreation areas. In exchange for

¹ Gidget Fuentes, "Inmates to Clean County Parks," The Fairfax Journal, (Fairfax, VA: May 8, 1990), p. 1.

such services, the military might receive the use of training areas on other project lands. Telephone surveys indicated success in using army reserve units for state park O&M services. One state governor wrote in favor of using Air National Guard units to assist at Corps recreation areas, which in return would derive training benefits and sites for maneuvers. This option also meets the Corps mission of support to the total Army.

Disadvantages of involving the armed services in O&M activities in exchange for training areas were noted by Corps participants at the Natural Resource Management Conference workshop. Objections included possible deterioration or loss of the natural resource base, minor benefits for the effort and possible contractor objections. Only changes in, or enforcement of, existing policy are needed to implement this option.

Option 4: Make use of programs to employ underprivileged youth and/or the disabled.

Encouraging these programs might help attain such broader social goals as providing jobs and income for unemployed or underprivileged youth or disabled workers. At the regional workshops, 63 percent of the public thought the Corps should employ more disabled people. The costs of administration and supervision would have to be considered, however. This option can be accomplished through policy decisions.

Option 5: Provide campgrounds for the homeless in exchange for maintenance services.

Providing campgrounds for the homeless in exchange for their maintenance services could generate minimal net savings. High administrative, supervision, and implementation costs may negate most labor cost savings. This option can be accomplished through a policy change.

Option 6: Support new jobs bill program.

A jobs bill program, similar to the 1983 unemployment relief legislation, could provide jobs, stimulate local economies, and reduce the maintenance backlog for Corps recreation facilities. While support from Corps personnel for a jobs bill was marginally positive (37 percent responded it would meet the study objective, 17 percent thought it would not), a criticism of such legislation is that it would ease the Corps budget at the expense of the Federal budget. This option could enhance recreation and represent a cost avoidance by replacing some higher-cost contracts with jobs bill employees.

d. Conclusions.

The cost savings and additional expenses of each individual supplemental labor program would have to be carefully weighed to determine feasibility at specific sites. The

programs that have already been tested and shown to work offer the best potential for further applications.

In most cases, the potential net savings, after subtracting the costs of administering the programs, could be low. Instituting a senior or youth conservation corps and using prisoners or juvenile offenders for park maintenance are options that have already been successfully implemented at the state and local levels, and therefore offer the most potential for implementation by the Corps. Use of military personnel, underprivileged youth, and the disabled for O&M services may work under some conditions in certain locations.

Table 10 summarizes supplemental labor options by potential Federal savings, whether a law or policy change is needed to implement each of the options, and study conclusions.

Table 10
Summary of Resource Augmentation Options--Supplemental Labor Sources

OPTION	POTENTIAL SAVINGS ¹	LAW OR POLICY CHANGE	CONCLUSION
1. Institute senior/youth conservation corps	low	law	consider
2. Use prisoners/juvenile offenders	low	policy	pursue locally
3. Increase military involvement	low	policy	pursue locally
4. Employ underprivileged youth and/or the disabled	low	policy	pursue locally
5. Provide campgrounds for homeless in exchange for O&M services	low	policy	pursue locally
6. Support jobs bill	low	law	do not pursue

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

2. VOLUNTEERS

a. Current Situation. Since passage of PL 98-63 (33 USC 569c) in 1983, the Corps has used volunteers. The law allows the Corps to pay for volunteers' incidental expenses, but prohibits the use of volunteers for policy making or law enforcement. However, Corps restrictions further limit volunteers' activities. Volunteers contributed an estimated \$2.7 million in services to the Corps in 1989.

b. Options Considered. Options considered were:

- (1) reduce restrictions on uses of volunteers;
- (2) use volunteer campground hosts;
- (3) expand use of Adopt-a-Shoreline or Park or Trail programs;
- (4) use student conservation groups;
- (5) use student interns.

c. Evaluation of Options.

Many of the benefits of volunteer programs are common to all the specifically considered options. In addition to complementing the government labor force and reducing the need for and expense of contract labor, volunteer programs educate the public, encourage community involvement, promote environmental awareness, and increase understanding and support for good stewardship of America's public lands.

Greater use of volunteers could have a moderate impact in reducing Federal expenditures through lower contract labor costs. An indication of the potential fiscal impacts from an expanded volunteer program Corps-wide can be inferred from the example of another Federal agency. As previously mentioned, the Corps received about \$2.7 million in services from 63,300 volunteers in 1989. Each of those volunteers worked, on average, one day, reflecting the large number of participants at one-day clean-up projects. By comparison, the U.S. Fish and Wildlife Service received approximately \$8.3 million in services from just 9,651 volunteers in 1989. Each of its volunteers donated an average 14 days of labor at refuges, fish hatcheries, and research facilities. Promoting volunteerism is one of the Department of the Interior's ten highest priorities. If the Corps could increase its efforts in promoting volunteer services in addition to clean-ups, a tripling of the contribution made by volunteers to the Corps recreation program (to the approximately \$10 million level) could be attained.

The idea of volunteerism has received publicity and support from many quarters. In Outdoor Recreation in a Nation of Communities, the President's Domestic Policy Council strongly encourages Federal agencies to expand the use of volunteerism through improved

information, recruitment, training, and supervision.¹ The Council also recommends proposing legislation to expand volunteer authority and increased flexibility for effective cooperation between the Federal agency and the volunteers. Importantly, expanding volunteer programs was supported by 89 percent of the public participants at the regional workshops, by over 50 percent of Corps participants at the Natural Resource Management Conference workshop, and in letters received from state Governors, foundations, user groups and others.

Examples of volunteer efforts cited during the study process include the "Greers Ferry Lake - Little Red River Clean-Up," the Grapevine Sailing Club program, the "Great Allatoona Clean-Up," and other undertakings not as well publicized which involved senior citizens, Boy and Girl Scouts, local boating and garden clubs, and various adopt-a-park, trail or shoreline programs. The Tom Bevill Visitors Center on the Tennessee-Tombigbee Waterway offers a successful illustration of a full-service, heavily visited Corps facility run by 85 senior citizen volunteers, sponsored and coordinated by the local American Association of Retired Persons chapter, who escort groups, give lectures, and otherwise operate the center.

At the same time, there are negative aspects common to all volunteer programs. Volunteers are not a panacea for manpower shortages, nor are they a source of steady or guaranteed services. The reliability, professionalism, and high turnover of volunteers were concerns raised by Corps task force personnel and public workshop participants. One example was given of a park that was allowed to deteriorate under volunteer oversight; government funds were then required to rehabilitate it. Another concern is that volunteer programs are not "free"; that is, the reduction in operation and maintenance costs from increased volunteer use could be offset by additional administrative costs in starting up and in training Corps personnel and volunteer supervisors to run volunteer programs. Changes in existing policy, as discussed below, could allow for the increased use and efficiency of the volunteer program.

Option 1: Reduce restrictions on use of volunteers.

Engineer Regulation 1130-2-432 precludes volunteers from both handling government funds and operating government owned or leased vehicles or equipment. If regulatory changes were enacted allowing volunteers to handle money and operate vehicles, the activities that volunteers could perform would be greatly increased. The Corps ability to attract corporate volunteers and other groups (rather than just individuals) might be expanded, as well. Cooperation from corporate volunteers, for example, has greatly assisted both the National Park Service and the Forest Service. Disadvantages of this option are that volunteers, like employees, are personally liable for damage to government vehicles they operate if that damage is caused by their negligence. To handle money, volunteers would

¹ Task Force on Outdoor Recreation Resources and Opportunities to the Domestic Policy Council, p. 127.

have to be bonded. This may limit the interest of individuals in performing these activities. As noted, implementation of this option would require a change in policy only.

Option 2: Use volunteer campground hosts.

Volunteer campground hosts, identified with the help of such organizations as the "Good Sam Club," a recreational vehicle owners organization, could reduce the need for such contract services as fee collection and campground maintenance and would provide additional campground security in the case of unattended campgrounds. There are currently 574 campgrounds with contract gate attendants. If the average cost of each contract is \$10,000 per year, replacing these contracts with volunteer hosts could result in a maximum savings of approximately six million dollars. This does not consider costs incurred by the Corps to provide adequate training and supervision of the volunteers. In addition, volunteers are under no obligation to stay for the entire season. This could result in a situation in which the Corps would have to collect fees, increasing its overall O&M costs. A 1987 change in the Land and Water Conservation Fund Act, as amended (16 USC 460l), permits volunteers to collect Federal use fees; however, the law requires volunteers who collect fees to be bonded. According to this law, funds available to the collecting agency may be used to cover the cost of such surety bonds. Implementation of this option requires a change in Corps policy.

Option 3: Expand use of Adopt-a-Shoreline/Park/Trail programs.

Adopt-a-Shoreline programs, already successfully implemented in, for example, Little Rock District, allow civic groups, businesses, or clubs to "adopt" sections of shoreline at Corps lakes. Concerned citizens provide such worthwhile community services as litter control and planting of trees and wild flowers while beautifying the lake shoreline near their neighborhoods. Such programs often result in reduced vandalism because of increased public awareness of the resource and increased community pride. While there are no significant constraints to expansion of this program, this option may provide more clean-up and enhancement benefits than significant savings to the Corps recreation budget. Again, emphasis on the enlistment of corporate volunteers could improve the effectiveness of existing "adoption" programs.

Option 4: Use student conservation groups.

The development of a cooperative agreement between the Corps and the Student Conservation Association (SCA), a non-profit organization that recruits and places approximately 1,000 high school and college students every year in 250 Federal, state, and local parks, could provide the Corps a source of skilled, supervised student volunteers. Many of the recruits have natural resource backgrounds, and could thus help support professional ranger staff in addition to performing routine maintenance and clean-up operations. The U.S. Fish and Wildlife Service already has an agency cooperative agreement with the SCA. Other volunteer organizations with whom the Corps could work or after whom the Corps could model a program are the Iowa Youth Corps and the Wisconsin Conservation Corps.

A potential drawback here is the size of the pool of volunteer labor. The SCA, for example, receives roughly 50 percent more requests for volunteers than it is able to fill. The Corps would have to compete with other groups (including other Federal agencies) that have already established volunteer recruitment efforts.

As previously mentioned, volunteer services are not free. The SCA charges a significant administrative fee and requires host agencies to house volunteers on-site. Funding for a volunteer program would be necessary. As an example, even though the value of work performed by a volunteer could exceed his or her administrative costs, one twelve-week assignment for a volunteer could cost over \$2,000 in up-front outlays. Implementation could be accomplished through Corps policy.

Option 5: Use student interns.

Student interns from colleges or universities offering majors in outdoor recreation could staff Corps recreation areas while meeting internship requirements, conducting research, and receiving "hands-on" training under the guidance of experienced personnel. California State University, Chico, currently operates a campground for the U.S. Forest Service under a concessionaire lease agreement. Drawbacks to this option are current Corps restrictions on the use of volunteers, the potential high turnover of student volunteers and the practical need for the recreation area to be located in proximity to a college or university. Implementation could be accomplished through Corps policy.

d. Conclusions.

Expanded use of volunteers could have a moderate impact in reducing Federal expenditures through lower contract labor costs. Additionally, recreational opportunities could be enhanced by providing facilities and services currently unavailable and by increasing the general public's exposure to recreational programs. The fact that so many volunteer programs are working now presents an incentive to promote their utilization elsewhere.

Table 11 illustrates options under the volunteer category by potential net savings, whether law or policy changes are needed to implement the options, and study conclusions.

Table 11
Summary of Resource Augmentation Options--Volunteers

OPTION	POTENTIAL SAVINGS ¹	LAW OR POLICY CHANGE	CONCLUSION
1. Reduce restrictions on use of volunteers	medium	policy	pursue
2. Use volunteer campground hosts	medium	policy	pursue
3. Expand adopt-a-park/shoreline/trail programs	low	policy	pursue locally
4. Use student conservation groups	low	policy	pursue locally
5. Use student interns	low	policy	pursue locally

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

3. DONATIONS

a. Current Situation. The Corps currently receives little in the way of voluntary donations and does not actively pursue such contributions. The Corps lacks statutory authority to accept cash donations. The Corps does not have the authority to administer a Challenge Cost Share program, in which non-Federal sponsors compete for government matching grants to provide public recreation facilities, services, and programs.

b. Options Considered. Options considered were designed to tap voluntary contributions from a wide range of organizations, corporations, and individuals. These included:

- (1) initiate a Challenge Cost Share program;
- (2) encourage the formation of non-profit cooperating associations;
- (3) establish a corporate and/or individual sponsorship program for facilities, equipment, or services in exchange for special acknowledgements;
- (4) establish a nationwide voluntary/contribution program.

c. Evaluation of Options. There are several benefits germane to all donor programs. Donations are popular with sponsors who receive publicity, an enhanced public image and, in some cases, a tax write-off. The Corps benefits from the public goodwill engendered, as well as from the actual donation. Over 52 percent of the regional workshop participants responded that the Corps should seek financial assistance for its recreation program through donations.

Option 1: Initiate a Challenge Cost Share program.

An indication of the potential net savings to be derived from the establishment of a Corps Challenge Cost Share program is offered by the success of the U.S. Forest Service program. In 1990, the Forest Service's Challenge Cost Share Program matched each Federal dollar with over two dollars in non-Federal contributions, producing an estimated \$17.5 million for recreation programs.¹ Begun in 1988, contributions have grown ten-fold in just three years. Completed cost shared projects include barrier-free access to recreation facilities, improved hiking facilities, rehabilitated and modernized campgrounds, interpretive signing, summer youth employment in recreation site operation and maintenance, vegetation management for scenic resources, and renovation of historical buildings. Although newer and

¹ It is important to note that the Forest Service's regular appropriations were supplemented by the Challenge Cost Share appropriation of \$5.5 million. Had this not been the case, the agency would have had little incentive in promoting the program, and sponsors would have had little incentive to participate. Furthermore, other programs in the Forest Service's budget would have suffered as the agency lost budgeting flexibility, since each cost-sharing agreement obligates the agency and the sponsor to commit a given dollar amount to the cost-shared project.

smaller, the U.S. Fish and Wildlife Service's Challenge Cost Share program has attracted nearly three matching non-Federal dollars for every Federal dollar. Program projects totalled \$2.5 million in 1990.

Challenge Cost Share programs were supported by almost 60 percent of the non-Federal agencies contacted through telephone surveys, who responded that the initiation of a Challenge Cost Share program would encourage their organization to participate in the O&M of Corps recreation areas.

A plurality of Corps respondents (42 percent) responded that instituting a Challenge Cost Share program would meet the study objective, although enthusiasm was tempered somewhat by reservations about the potentially erratic level of year-to-year collections. Other potential disadvantages center on the administrative responsibilities and expenses of running a Challenge Cost Share program; competition for Challenge Cost Share dollars; statutory constraints prohibiting acceptance of cash donations; and the need for Congressional authorization. Subsequent to authorization, annual appropriations would be required to fund the Federal portion of the program.

Option 2: Encourage the formation of non-profit cooperating associations.

Agreements with cooperating associations, long used by other Federal agencies, including the Park Service, the Forest Service, and the Fish and Wildlife Service, were recently approved by the Corps with Vicksburg District's signing of a two year contract with a not-for-profit organization at Grenada Lake. The cooperating association sells interpretive materials and other souvenir items at the visitor center and reinvests any "profits" into facility operation and interpretive programs.¹ Other existing donation programs identified through telephone surveys include involvement of non-profit groups in interpretive and other specialized services.

The President's Domestic Policy Council in Outdoor Recreation in a Nation of Communities strongly encourages Federal agencies to undertake partnerships with nonprofit organizations that can improve recreation services to the public, such as cooperating associations, "Friends" groups, civic organizations, foundations, and educational institutions. "Nonprofits also promote strong links between the communities and the public lands serving local recreation demands."² In addition, the Domestic Policy Council recommends that the Administration give recognition for donations of funds, land, or physical property, so long as

¹ Jim Metzger, "Vicksburg Contract Explores New Service," Engineer Update, (Washington, DC: HQUSACE, October, 1989), p. 7.

² Task Force on Outdoor Recreation Resources and Opportunities to the Domestic Policy Council, p. 128.

such acknowledgement does not endorse a product. Corps guidance is currently being formulated to encourage the use of cooperating associations on a Corps-wide basis.

Option 3: Establish a corporate and/or individual sponsorship program.

Encouraging corporate and/or individual sponsorships in providing O&M at Corps areas was rated as positive in terms of meeting the study objective by over 54 percent of Corps personnel at the Natural Resource Management Conference workshop, while only four percent responded the option would not meet the study objective. Examples of corporate sponsorships already in place identified through telephone surveys include sponsorship of recreation area clean-ups, such as Stouffer's Clean-up and the Pepsi-Cola and Coca-Cola programs.

Possible drawbacks to corporate sponsorships include potentially aggressive (proprietary) corporate sponsors and statutory (33 USC 591) and policy (Engineer Regulation 1130-2-400) constraints disallowing Corps acceptance of cash donations and limiting the value of donated gifts of material or personal property that may be accepted to \$5,000.

Option 4: Establish a nationwide voluntary contribution/ donation program.

A plurality of Corps respondents at the Natural Resource Management Conference workshop reported that developing a nationwide voluntary contribution program would meet the study objective (38 percent), but enthusiasm for this option was lukewarm. Potential drawbacks to increased emphasis on a voluntary donation program center again on the administrative responsibilities and expenses of running a donor or contribution program; competition for donations; the public's perceived "ownership" of donated resources, resulting in additional management problems because of perceived "indebtedness" to the donors; and the need for statutory and policy changes allowing the Corps to solicit and accept increased levels of donations. The National Park Service and the Forest Service, for example, have statutory authority to accept cash donations (16 USC 460l-1); however, the Corps is limited by law to acceptance of materials and personal property (33 USC 591).

d. Conclusions.

Initiation or expansion of donor programs could achieve both study goals. First, recreational opportunities could be enhanced by making more facilities available to the public, by providing interpretive programs, resources, and personnel, and by broadening public involvement. Second, greater solicitation and acceptance of donations could have a significant impact in reducing Federal expenditures. While sponsorship or cooperative association programs might not generate as much income at the national level, their impacts at any particular project are potentially significant.

Table 12 summarizes donations options by potential net savings, whether law or policy changes are needed to implement the options, and study conclusions.

Table 12
Summary of Resource Augmentation Options--Donations

OPTION	POTENTIAL SAVINGS ¹	LAW OR POLICY CHANGE	CONCLUSION
1. Initiate Challenge Cost-Share Program	medium	law	pursue
2. Encourage non-profit cooperating associations	medium	policy	pursue
3. Establish Corporate Sponsorship Program	low	law	consider
4. Establish donation/contribution programs	low	law	pursue

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

4. SUPPLEMENTAL FUNDING SOURCES

a. Current Situation. Supplemental funding sources are potential sources of income for the Corps recreation program outside of Corps recreation facility-generated revenues. The Corps currently does not participate in such programs for the purpose of funding O&M of its recreation areas. The Corps recreation program does not receive funds from the sale of other project outputs such as hydropower and water supply.

b. Options Considered. Options considered were:

- (1) consider excise taxes on recreational equipment, vehicles, and boats;
- (2) increase the price of vendables and apportion a share of revenues to the recreation program;
- (3) participate in Land and Water Conservation Fund programs;
- (4) include the Corps in proposed American Heritage Trust Fund legislation;
- (5) establish a Corps of Engineers recreation trust fund.

c. Evaluation of Options. On the whole, public sentiment was positive toward the general category of supplemental funding options. Over 74 percent of the regional workshop participants indicated that the Corps should seek additional financial support through supplemental funding sources. Upon close examination, however, there are considerable disadvantages to the implementation of specific proposals. These center on public opposition to excise taxes, the effectiveness of trust fund participation, and opposition from other interest groups to reallocation of other project revenues, such as hydropower.

Option 1: Consider excise taxes on recreational equipment.

The fiscal impacts of Corps participation in a new or existing trust fund program relying on collected revenues from excise taxes on recreational equipment, boats, and recreational vehicles could be significant. Using excise taxes as a source of funding could help reduce both Federal and Corps outlays. For example, an article published in The Washington Post reported that a one percent tax on pleasure boats, outboard motors and accessories could raise an estimated \$100 million annually.¹ The imposition of excise taxes on recreational equipment, with the collected funds channeled to a "recreation trust fund," could provide an opportunity to draw upon users of recreational facilities for revenue. User fees are currently employed elsewhere in government to support a variety of programs. While the issue of whether excise taxes constitute "user fees" has been debated, the case can be made that a strong link exists between the purchase of recreational vehicles and boats and use of Federal recreation lands and waters.

¹ John Lancaster and Paul Blustein, "Bush Plans 'User Fees' on Boats, RVs," The Washington Post, (Washington, DC: The Washington Post Co., Vol. 112, No. 353, December 19, 1989), p. A1.

The enactment of excise tax legislation on all recreational vehicles, equipment and boats could conceivably generate over \$500 million annually to help finance any of the above trust funds, but the major obstacle here is public opposition to excise taxes. Although supported as meeting the study objective by 54 percent of Corps participants at the Natural Resource Management Conference workshop, only 38 percent of the regional workshop responses indicated that the Corps should support excise tax legislation on recreational equipment. To bring about such legislation, support from others would be needed.

Option 2: Increase the price of vendables and apportion a share of revenues to the recreation program.

The proposal to charge the users of project outputs such as hydropower, water supply, navigation, or irrigation an increased share of recreation O&M costs through higher pricing could provide substantial funds for the Corps recreation program. Looking at it from one perspective, this would ensure that project beneficiaries (whether hydropower users, water supply customers, or others) who adversely impact water levels for associated users (i.e., recreation users) would pay a more equitable, market-based price. At the regional workshops, 64 percent of the participants supported directing revenues from hydropower sales to support the recreation program. Among Corps participants at the Natural Resource Management Conference workshop, charging additional fees for other project purposes, such as hydropower or water supply storage, and dedicating some of the revenues to recreation programs, received strong support as a method to meet the study objective (63 percent positive versus 17 percent negative).

However, increasing the prices charged by the Corps for hydropower generation or water supply storage, with some of the increased revenues apportioned to recreation programs, would be highly controversial. Utility companies, Federal power marketing agencies, and consumers who purchase Federally-produced hydropower are already on record protesting any renegotiation of existing hydropower contracts for this purpose. One respondent wrote, "We think the Corps should account for the damages hydropower customers have already suffered [from Corps management favoring recreation over hydropower] before contemplating Federal treasury gains." Additional opposition could be expected, as well, from municipalities which receive water supply from Corps projects. Any diversion of funds from hydropower generation to recreation would require changes in existing law (dating back to the Flood Control Act of 1944 and reiterated in the Water Resource Development Act of 1986), because the revenues from hydropower currently "offset" the original project construction costs and operation and maintenance. Furthermore, the Energy and Water Development Appropriation Act of 1983 (and language in subsequent appropriations) prohibits any unilateral or administrative changes in the rate agreements between the Federal government and the power marketing administrations. This means that the rate structure cannot be increased without the enactment of appropriate legislation.

Option 3: Participate in Land and Water Conservation Fund programs.

The Land and Water Conservation Fund (LWCF) contains monies derived, in part, from the sale of Federal property, offshore oil lease revenue and facility-generated revenue (recreation fees collected by the Department of Agriculture). The money is used to fund Federal (National Park Service, Forest Service and Fish and Wildlife Service) and non-Federal land acquisition for recreation and may be used for payment into miscellaneous receipts of the Treasury as a partial offset for the Federal capital costs of water resource development projects allocated to recreation or fish and wildlife enhancement. Recreation fee revenues for most agencies (including the Corps) are deposited into a separate account in the Treasury for each agency for later appropriation by Congress. As such, the recreation fee portion of the LWCF is not considered a "supplemental funding source" as defined here.

Attempting to increase the Corps benefits from the fund would result in competition with other land managing agencies for scarce fiscal resources and may be opposed by those agencies on that basis. Further, since the LWCF is currently used to finance land acquisition, and the Corps objective is financing ongoing O&M, participation would not generally address the study objective. An exception might be if a change could be made in the law, such that money from the LWCF could be used for Corps land acquisition to improve accessibility and eliminate the need for extensive road construction and maintenance.

Option 4: Include the Corps in the American Heritage Trust Fund bill.

Participation by the Corps in the American Heritage Trust Fund would require changes to the legislation and concurrence from the Departments of Interior and Agriculture. Although the assumption here is that this trust fund would be better funded than the current LWCF, the fund is still to be used for land acquisition and facility development, which would not help the Corps meet O&M needs. Using American Heritage Trust funds for facility rehabilitation would serve Corps O&M needs, however. Further, Corps involvement would not reduce Federal expenditures unless the revised legislation were to tap new funding sources, such as excise taxes.

Option 5: Establish a Corps of Engineers Recreation trust fund.

Almost two-thirds (65 percent) of the regional workshop attendees responded that the Corps should participate in a recreation trust fund, while approximately 50 percent of Corps personnel attending the Natural Resource Management Conference workshop also found that establishing a Corps recreation trust fund would meet the study objective. A separate Corps recreation trust fund, however, would not reduce Federal expenditures, unless revenues for seed money and annual operations were to come from a new funding source, such as excise taxes on recreational boats. New legislation would be required to implement this option.

d. Conclusions.

The proposal to seek supplemental funding sources to help finance the Corps recreation O&M program is credible in the abstract. However, concrete means of obtaining such funds, such as Corps participation in LWCF, legislation levying excise taxes on recreational equipment, vehicles, and boats, and redirection of revenue from vendables to the recreation program are not realistic.

Table 13 outlines the potential savings, whether a law or policy change is needed to implement each of the specific supplemental funding options, and study conclusions.

Table 13
Summary of Resource Augmentation Options--Supplemental Funding Sources

OPTION	POTENTIAL SAVINGS ¹	LAW OR POLICY CHANGE	CONCLUSION
1. Support excise tax legislation on recreational equipment, vehicles, boats; Corps would receive share of revenues	high	law	do not pursue
2. Increase and allocate share of revenues from vendables to recreation	high	law	do not pursue
3. Participate in Land and Water Conservation Fund programs	low	law	do not pursue
4. Include Corps in American Heritage Trust Fund legislation	low-none	law	do not pursue
5. Establish Corps recreation trust fund	low-none	law	do not pursue

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

D. NON-FEDERAL PUBLIC INVOLVEMENT

The Non-Federal Public Involvement category includes programs or activities that could be used to encourage greater participation by state, city, county, and other non-Federal public agencies in the operation and maintenance, further development or takeover of Corps recreation areas. It has been further subdivided into:

- (1) Financial Incentives;
- (2) Developmental Incentives;
- (3) Lease Incentives.

1. FINANCIAL INCENTIVES

a. Current Situation. Funds for recreation cost sharing are limited within current guidelines. These guidelines are also very restrictive. Current policy requires cost share partners to contribute their share up front and to assume all operation, maintenance and facility replacement costs. Other sources of Federal funds cannot be used for the non-Federal public share. There are no provisions, policies, or laws for low interest loans, or for an established fund that could encourage development. Completion of extensive research and studies is sometimes required before allowing non-Federal entities to take over management of an existing recreation area. The costs of these studies may deter such entities from pursuing lease agreements.

b. Options Considered. Options considered were:

- (1) allow Federal cost sharing of operation and maintenance;
- (2) develop a fund to finance the cost of improvements;
- (3) relax requirements for up-front payments for cost sharing;
- (4) increase Federal share of initial development costs;
- (5) permit cost sharing for recreation development on non-Federal contiguous lands;
- (6) provide low interest loans;
- (7) fund market studies;
- (8) provide technical assistance for planning, design, and construction management for recreation developments;
- (9) allow the use of other Federal funds for the local share.

c. Evaluation of Options.

With regard to non-Federal public participation, the major finding is that, on the whole, non-Federal public entities do not have adequate funding to assume additional operation and maintenance costs on Corps projects. According to State Parks in a New Era, a 1989 research report from the Conservation Foundation, Federal financial assistance to states and locals from the Land and Water Conservation Fund diminished sharply throughout the 1980's. According to this report, many states have been unable to make up the difference, as

a result of more competition for state funds in the wake of Federal cutbacks. Funding for parks has not fared well in state legislatures, as a general rule.¹ The findings of other major studies performed within the last year support this finding. Results were: (1) although the state agencies seem to be the most logical alternative to Federal O&M outlays for Corps recreation areas, states are already facing fiscal problems; and (2) state and local public agencies see themselves as capable and willing to provide recreation services and facilities at Corps areas. However, for this alternative to be implemented, at least partial Federal funding would be required.

The Corps of Engineers Recreation study found similar results with regard to non-Federal public takeover of Corps recreation areas. Of the non-Federal public officials interviewed as part of the telephone survey, 97 percent represented state and county agencies; about half leased land from the Corps now and 89 percent had recreation facilities on their own land, as well. Although 50 percent responded that they would be willing to take partial or complete control of the financial responsibility of O&M, their financial situation most often would not allow it. According to the survey report (Appendix G),

Repeatedly these representatives of state and local agencies emphasized their need for more budget allocations in order to meet the current operation and maintenance demands within their own existing park system...Once again, it was emphasized by state and local agency personnel that current levels of funding do not meet the budgeted needs of their existing operations, and it would be highly unlikely that they could financially contribute to a cooperative Corps and state or local effort.

When asked what incentives would interest them in taking over additional areas, 82 percent responded favorably to total Federal funding. However, 10 percent responded that they did not think their agency would be interested in participating in the Corps O&M even with total Federal funding.

In addition to the telephone interviews, several personal interviews were conducted. As part of that interview process, one respondent stated that 55 percent of state areas are now on Corps leased areas, but that the state's financial situation limited its takeover of additional lands; it has no up-front money for construction. He also stated that the Corps promised to provide O&M and that it should do so. Another respondent stated that he would not take over Corps areas just to take them over. They must be where a state park is needed. He has had requests for 14 new parks, but the state legislature has no money to provide them.

Of the 37 responses received from state Governors, 18 (48 percent) indicated that the state could not assume additional O&M responsibilities. These states contain 56 percent of

¹ Phyllis Myers and Sharon Green, State Parks in a New Era, Volume I: A Look at the Legacy, (Washington, DC: The Conservation Foundation, 1989), pp. x-xii.

the Corps projects with recreation visitation. Eighteen responses were neutral in that they did not mention the state's capability one way or the other. Only one responded that the state would be willing to assume the O&M (on one river launch ramp). Examples of the other state responses are:

"We have the same type of need and maintenance dollars are the most difficult funds to obtain."

"We are apprehensive about expanding our role as a non-Federal public entity providing additional recreational opportunities on COE leased park land."

"What assistance can the [state] expect from the federal government that will help enable us to sustain and enhance our existing partnership with the Corps of Engineers?...[We] suggest consideration be given in the Corps plan for financial assistance to states which have previously assumed these responsibilities."

"The Corps cost share program has been an effective way to encourage public and private sector involvement on Corps projects in the past. This program should be reinstated."

"For us to lease additional Corps lands in [state] in the near future, you would need to assist us with funding for our operation budget."

"Recreation agencies are currently facing serious budgetary constraints and have indicated that they could not absorb any such additional operational expenditures."

Another state "has encountered fiscal constraints very similar to those the Corps is currently experiencing...it would be almost impossible to assume the additional management responsibilities of Corps water resource development projects."

"Our present financial situation prevents us from accepting any additional arrangements with the Corps unless their operation cost would be at least covered either through fees and charges or through financial support from the Corps."

One state said it "would be unable to assume operation of any of the small access parks currently operated by the Corps... Numerous free access points on lakes also severely limit our ability to collect fees, which can be used to defray operating costs...I would also support continuation of funding assistance on a matching basis for park development and operation costs."

"It is unlikely that you will find many non-federal public agencies or the private sector that would accept management responsibilities on Corps facilities without some type of economic incentive. Incentives could take the form of long-term agreements where the non-federal interests could charge adequate fees to provide sufficient funds to operate the site, or the Corps could lease or contract maintenance."

Option 1: Allow Federal cost sharing of operation and maintenance.

As noted, in the majority of cases, state and local funding is not available to develop new or take over existing recreation areas on Corps projects. This option is one that directly addresses the non-Federal public entity's lack of operation and maintenance funding. Four of the state Governors' letters specifically expressed an interest in the Corps cost sharing in lessee O&M expenses. At this time, no known law specifically precludes such an arrangement on projects authorized prior to passage of PL 89-72. As a way to meet the study objective, however, this option, as described below, may "backfire."

The necessary takeover of all Corps areas under this arrangement may not occur. As previously noted, 10 percent of the non-Federal public representatives contacted by phone would not even consider total Federal funding as enough incentive to take over Corps areas. The Corps currently manages 2,436 recreation areas with 1,854 managed by other entities. If the Corps could encourage non-Federal take over of its 2,436 areas by providing a portion of the O&M costs (e.g., 50 percent), substantial reductions in Federal expenditures could result. However, non-Federal interests managing the other 1,854 recreation areas could request similar reciprocal agreements, which may be difficult to deny. If the average O&M costs of Corps and non-Federal interests are similar (data are not available to confirm this premise), some reductions in Federal expenditures would still result, since there are more areas managed by the Corps than other non-Federal interests.

On the negative side, if only a portion of Corps areas are taken over, yet many other currently leased areas are returned to the Corps or existing leases are not renewed unless O&M is cost shared, net Federal expenditures may increase. The potential loss of goodwill if cost sharing O&M were not applied to all states could be an unquantifiable, but real, cost to the Corps, as well. As noted by one of the Governors, states are asking what the Federal government can do for those already leasing areas, not how the states can assist the Federal government. Cost sharing O&M also requires the Corps to make a long term commitment to continued recreation funding. Once initiated, it would be difficult to curtail, even if Federal budgets were reduced. This could adversely impact funding for other project purposes.

Implementation of this option on projects authorized prior to passage of PL 89-72 would require a change in policy only. Implementation of this option on other projects would require changes in Federal cost sharing law.

Option 2: Develop a fund to finance the cost of improvements.

One option considered under the Developmental Incentives section below is renovating existing recreation areas for takeover by non-Federal public entities. This option addresses the source of Federal financing for such consolidation or renovation.

Developing a fund from Corps revenue (such as recreation fees) for renovation of existing areas to be turned over to non-Federal public partners could be done, but using

Federal revenue to renovate areas for takeover would deplete such revenue for other programs. It would, therefore, be necessary to balance long-term O&M savings (realized by turnover of the area to others) against loss of revenue to determine if a net reduction in Federal expenditures would be realized. While some states could take advantage of this option, it does not address the overall scarcity of non-Federal public funding for ongoing O&M. Depending on the source of funding, a change in law may be necessary to implement this option.

Option 3: Relax requirements for up-front payments for cost sharing.

Relaxing up-front payments would in effect be the same as providing low cost loans for recreation development. The fact that up-front financing is now required under PL 99-662 for other project purposes, as well as recreation, indicates that Congressional opposition to this option could be expected. The resulting increase in Federal expenditures would increase significantly in the short run. Long-term decreases would have to be analyzed on a case-by-case basis. This option could assist only those few non-Federal public entities that have adequate funding for taking over additional O&M or providing some other payment to the Federal Treasury to meet the study objective. A change in Federal cost sharing law (e.g., PL 89-72) would be needed to implement this option.

Option 4: Increase Federal share of initial development costs.

This option would require a greater commitment of non-Federal public O&M dollars to gain a net reduction in Federal expenditures. Since it would still place a burden on financially able cost share partners and because most other non-Federal public agencies do not have adequate funding to participate, this option has little potential for increasing overall non-Federal public participation. It would also require a change in Federal cost sharing law (e.g., PL 89-72).

Option 5: Permit cost sharing recreation development on non-Federal contiguous lands.

The precedent exists for Federal funding of non-Federal lands and development on those lands. Portions of the Land and Water Conservation Fund are now used for acquisition of non-Federal public lands for recreation development. Cost sharing on these lands, however, has the same drawbacks as cost sharing on Federal lands. Corps O&M must be funded to meet the study objective, in addition to payback of the Federal share. Most state and local governments are not in the financial position to accomplish both.

For those agencies that can afford it, this option may be viable. It is unknown at this time what developable non-Federal public lands lie adjacent to Corps lands or what interest there may be in pursuing this option. It may also require a change in Federal cost sharing law (e.g., PL 89-72).

Option 6: Provide low interest loans.

This option is similar to relaxing up-front payments for cost sharing, in that initial Federal expenditures would increase to provide the loan. Considering the eventual cost to pay back the loan in addition to taking over Corps O&M to meet the study objective, this option would probably not be of interest to most non-Federal public agencies.

Option 7: Fund market studies.

Corps-provided marketing studies could increase non-Federal public interest in determining appropriate development in the region, but specific returns to the Corps are not evident. A more direct benefit from this option is that it may provide planning, design and construction work that would utilize in-house capability. Since the non-Federal public entity's major problem is funding ongoing O&M, this option would only be beneficial if the studies uncovered a revenue generating possibility that resulted in long term capability to fund Corps O&M. This option could be implemented with changes in policy.

Option 8: Provide technical assistance for planning, design and construction management for recreation developments.

This option may reduce the non-Federal public partner's costs, but it was not identified as a high interest item by any of the surveyed sources. In fact, when non-Federal public agency representatives were surveyed by telephone about what responsibilities they would be willing to assume, 82 percent said they would provide technical assistance to the Corps. This option could be implemented with changes in policy.

Option 9: Allow the use of other Federal funds for the local share.

While this option may attract non-Federal public interest initially, it has the same drawbacks as increasing the Federal cost share portion or providing low interest loans. In effect, this option is to provide recreation development at 100 percent Federal funding. To realize a net Federal expenditure reduction, the non-Federal public partner would have to take over sufficient Corps O&M to offset the entire cost of the development. Few state or local governments appear to be in a financial position to do so. Implementation of this option may also require a change in Federal cost sharing law (PL 89-72).

d. Conclusions.

Several options address various forms of cost sharing or providing the funds for recreation development at 100 percent Federal expense. For any of these options to meet the study objective, the non-Federal public entity must assume existing Corps O&M. A policy to that effect was instituted in 1983. All cost sharing contracts were subject to a provision that existing Corps O&M had to be assumed by the non-Federal public cost share partner, in addition to the assumption of O&M on the cost shared development. From the inception of

that policy until the provision was eliminated by PL 99-662, no contracts were submitted to the Corps. After the provision was lifted, over 20 contracts were submitted. This indicates that the takeover provision is a significant deterrent to non-Federal public participation and that such entities do not have the capability to fund additional O&M or provide some other payment to the Federal Treasury to meet the study objective. Since the takeover provision was stricken by Congress, re-instituting it as a way of meeting the study objective on new cost sharing contracts would require a change in law.

Cost sharing the non-Federal public entity's operation and maintenance was the only option that addressed the primary concern of most agencies surveyed, funding ongoing O&M. This option would be viable only if management of sufficient Corps areas is taken over under the agreement. If O&M is cost shared on only a few areas, the potential exists for significant increases in net Federal expenditures.

Funding market studies and providing technical assistance could provide some support to non-Federal public entities, but their value as major incentives for non-Federal public involvement is unknown at this time.

Table 14 outlines the potential savings and whether a change in law or policy is needed to implement each of the specific financial incentive options, and study conclusions. The net savings are dependent upon the extent to which the option would attract non-Federal public involvement and the extent to which those entities take over existing Corps O&M. "None" indicates that unless additional O&M is taken over in conjunction with the incentive, the savings would be negated by increased Federal expenditures. In the case of cost sharing O&M, "none" refers to the situation in which Corps costs to operate or close relinquished areas exceed the savings realized by cost sharing O&M.

Table 14
Summary of Non-Federal Public Involvement Options--Financial Incentives

OPTION	POTENTIAL SAVINGS ¹	LAW OR POLICY CHANGE	CONCLUSION
1. Allow Federal cost sharing of O&M	high-none	policy (law for some)	consider
2. Develop a fund to finance improvements	high-none	may be law	pursue
3. Relax up-front financing requirement	high-none	law	do not pursue
4. Increase Federal share of initial development costs	medium-none	law	do not pursue
5. Cost share on non-Federal lands	medium-none	law	do not pursue
6. Provide low interest loans	medium-none	law	do not pursue
7. Fund market studies	low-none	policy	pursue locally
8. Provide technical assistance	low-none	policy	pursue locally
9. Allow use of other Federal funds for the Federal share	low-none	law	do not pursue

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

2. DEVELOPMENTAL INCENTIVES

a. Current Situation. Non-Federal public entities are sometimes not interested in leasing Corps recreation areas because these areas are inefficient, the facilities need renovation, and/or the entity is unable to provide the initial infrastructure (roads and utilities). In some instances, the amount of government land may be insufficient for an efficient operation. Local Corps policy may restrict development by others to that which may enhance the public's ability to enjoy intrinsic natural resource features. In addition, administrative policy further restricts the types of facilities for which Federal cost sharing is allowed.

b. Options Considered. Options considered were:

- (1) consolidate or renovate existing recreation areas;
- (2) allow more types of recreational developments which non-Federal entities may provide;
- (3) allow Federal cost-sharing on a wider range of facilities;
- (4) construct all or part of the infrastructure facilities at recreation areas;
- (5) seek legislative authority to allow for additional land acquisition to facilitate recreation development.

c. Evaluation of Options. Sixty-seven percent of all regional workshop participants favored developmental incentives in general. Of those respondents, 37 percent were state and local government representatives. As a group, 74 percent of state/local representatives favored such incentives.

Option 1: Consolidate/renovate existing recreation areas.

With some up-front Federal financing, areas could be made more attractive for takeover by non-Federal public entities. The success of this option is tied to the state and local government's ability to fund the resulting O&M on a continuing basis. No change in law is needed to implement this option.

Option 2: Allow more types of recreational developments which non-Federal public entities may provide.

An option that would assist the non-Federal public partner in funding recreation O&M is to allow it to provide more types of recreational developments. There are no apparent legal constraints to allowing "non-traditional" types of recreation facilities; 16 USC 460d provides that the Secretary of the Army may authorize local interests to construct, operate and maintain public parks and recreation facilities. Since the statute does not provide a definition of the terms "recreation facilities," it would seem that these facilities are not limited to only water resource related facilities. The only legal limitation would seem to be that the facilities are in the "public interest."

While the following findings are not offered to indicate what facilities are in the "public interest," they present an idea of the acceptance of the various types of facilities the Corps might allow the non-Federal public partner to provide. When asked what types of facilities should be provided on Corps projects, 98 percent of the telephone surveyed users responded facilities that blend into and relate to the natural resources; 70 percent said recreational vehicle (RV) parks; 96 percent said campgrounds for trailers and tents; and 44 percent responded that "constructed facilities," such as tennis courts or swimming pools, should be allowed. Fifty-eight percent of the users surveyed were against "resort-type" development; however, the individual's perception of what constitutes a "resort development" may, of course, vary and once such development is in place, "new" users may be attracted to it.

Current policy regarding cost sharing (Engineer Regulation 1165-2-400), permits facilities that "stand-alone" (are not dependent on the presence of the project), if those facilities are provided at 100 percent non-Federal expense. Examples of facilities cited in the regulation are swimming pools, golf courses and tennis courts. However, local Corps restrictions may discourage the development of these "stand-alone" facilities. In some cases, restrictive local policies are based on the interpretation that if a facility is not specifically listed in ER 1165-2-400, that facility is not permitted on Corps land, regardless of the funding source.

Of the non-Federal public entities surveyed by phone, 67 percent reported that they had no constraints on provision of resort development on their lands (10 percent had legal constraints, 20 percent had philosophical constraints), and 78 percent had no constraints on the use of concessionaires to provide additional facilities. Thus, most non-Federal public entities would be able to provide more revenue generating facilities if encouraged or permitted to do so by local Corps jurisdictions.

This option could be implemented with a change in, or clarification of, policy.

Option 3: Allow Federal cost sharing on a wider range of facilities.

A related option is allowing Federal cost sharing on a wider range of facilities. While cost sharing alone does not meet the study objective, cost sharing on revenue producing facilities would make it more likely that the non-Federal partner could afford to take over additional Corps O&M to meet the study objective.

This option was generally accepted by many of those surveyed during the study. At the Natural Resource Management Conference Workshop, 36 percent of the Corps employees indicated that allowing cost sharing on a wider range of facilities would have a positive impact on both aspects of the study goal. Negative comments were that the proposal would increase recreation, but not necessarily recreation of a desirable nature. Recreation uses must be socially acceptable and should be dealt with on a case-by-case basis. Another comment

was that the Corps should give the public what it wants, if the public is willing to pay for it and the resources can still be protected.

Many states are interested in a relaxation of cost sharing. As an example, one Governor's letter indicated that the state wants the Corps to cost share on swimming pools because beaches are not as easily managed or desirable for public recreation. Another Governor stated that the Corps cost sharing program is too rigid.

By providing an incentive for development of revenue generating facilities, the non-Federal public partner can better afford to take on additional O&M burdens. As with all cost sharing options, the impact must be evaluated on the basis of the initial Federal costs versus the long term reduction in net Federal expenditures. Although cost sharing is a statutory requirement, the current restrictions on the types of facilities that can be cost shared are imposed by policy.

Option 4: Construct all or part of the infrastructure facilities at recreation areas.

Corps construction of the infrastructure of recreation areas at 100 percent Federal cost prior to turning the area over to a non-Federal public agency for management was favored by 52 percent of all regional workshop participants and by 68 percent of the state and local government respondents. Several states were interested in this option, as illustrated by examples of responses from the state Governors. One stated, "...an initial capital investment by the Corps to rehabilitate an area or to restructure an area to a modified purpose might provide sufficient reason for a state or local park agency to risk assuming the operational costs." According to another state Governor's response, an incentive for increasing participation on Corps projects is for the Corps to cost share major capital investments on river access areas.

While the option was popular with non-Federal public entities, standing alone, it would not meet the study objective. As noted by the Corps employees surveyed at the Natural Resource Management Conference workshop, the proposal would enhance recreation development, but would also increase the net Federal expenditure. Unless O&M on an existing Corps area is taken over in conjunction with the infrastructure development, the net Federal expenditures will increase, rather than decrease. As with other options focusing on initial Federal expenditures, few non-Federal public entities surveyed may be financially able to participate in this option. This could be implemented within existing laws.

Option 5: Seek legislative authority to allow for additional land acquisition to facilitate recreation development.

A discussion on the non-Federal public entities' need for lands relative to transfer of existing Corps lands is included in the next section on Lease Incentives; however, there was limited response to this option of the Corps buying additional land. It is possible that a sufficient land base exists now, particularly since the most desirable areas are adjacent to the

project waters. Additional land beyond the project perimeter would be of less value to most agencies. In addition, where Corps land is limited to a narrow strip around the lake, adjacent residential development is common. To attempt to purchase such lands would probably be opposed by landowners and would be costly since the land is now valuable "lake front" property.

According to Engineer Pamphlet 1165-2-1, under Section 926(b) of the Water Resource Development Act of 1986 (PL 99-662), the Corps has sufficient authority to acquire additional lands for public park and recreation purposes.

d. Conclusions.

Allowing Federal cost sharing on a wider range of facilities may alleviate the non-Federal public partner's fiscal problems by allowing more revenue generating facilities to be developed. By the same token, less local Corps restrictions on permissible facilities would also assist in this regard.

For those non-Federal public partners with adequate funding to take on additional O&M to meet the study objective, construction of infrastructure at Federal expense and consolidation/renovation of existing recreation areas could be incentives for increased non-Federal public involvement.

Acquiring additional land to facilitate recreation development would be costly, and no real need was demonstrated for this option.

Table 15 outlines the potential savings, whether a change in law or policy is needed to implement each of the specific financial incentive options, and study conclusions.

Table 15
Summary of Non-Federal Public Involvement Options--Developmental Incentives

OPTION	POTENTIAL SAVINGS¹	LAW OR POLICY CHANGE	CONCLUSION
1. Consolidate/renovate existing recreation areas (for non-Federal takeover)	high- none	policy	pursue
2. Allow more types of recreation developments which non-Federal public entities may provide	high- none	policy	pursue locally
3. Cost share on wider range of facilities	high- none	policy	do not pursue
4. Construct all or part of the infrastructure facilities	medium- none	policy	do not pursue
5. Acquire additional land to facilitate recreation development	low- none	policy	do not pursue

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

3. LEASE INCENTIVES

a. Current Situation. Current policies and regulations provide restrictive clauses on outgrant leases that could deter participation by non-Federal public interests. These include restrictions on length of leases, duration of overnight stays, prohibitions on charging differential fees (higher fees for non-residents), and the sale of liquor and lottery tickets. Administratively, regulatory restrictions and time involved in the cost-sharing approval process may affect participation by non-Federal public interests. In addition, the Corps typically negotiates on a park-by-park basis with non-Federal interests, rather than considering multi-park or entire lake leases. Finally, many colleges and universities with park and recreation programs are located in proximity to Corps projects, but few of these currently lease or have cooperative agreements for the management of Corps areas.

b. Options Considered. Options considered were:

- (1) encourage non-Federal entities to accept Corps lands in exchange for development and/or management of Corps recreation areas;
- (2) allow charging differential fees for residents;
- (3) reduce restrictions and reporting requirements;
- (4) delegate more authority to Corps districts;
- (5) encourage non-Federal entities to exchange areas with the Corps to create more efficient operating units;
- (6) encourage qualified colleges and universities to enter into leases or cooperative agreements;
- (7) enter into multi-area or entire lake lease agreements;
- (8) enter into longer term leases;
- (9) provide more flexibility in determining length of stay;
- (10) allow sale of lottery tickets in compliance with state/local laws;
- (11) allow sale of liquor in compliance with state/local laws;
- (12) relax policy of closing areas turned back to the Corps.

c. Evaluation of Options. Sixty-nine percent of all regional workshop attendees and 79 percent of the state and local government attendees favored lease incentives in general. In response to whether the Corps should increase leasing flexibility, 72 percent of all regional workshop respondents and 89 percent of the state and local government representatives responded affirmatively.

Option 1: Encourage non-Federal public entities to accept Corps lands in exchange for development and/or management of Corps recreation areas.

In 1988, of the \$900 million spent on state parks, approximately \$550 million was spent on O&M and \$350 million was spent on capital expenditures.¹ This lower figure for capital expenditure indicates that either land is not needed or that sufficient funding has not been appropriated to meet the requirement. In the telephone interviews, 76 percent of the non-Federal public agency respondents stated that their agency was seeking to acquire additional land by lease and purchase. (Only one percent was attempting to acquire land through lease arrangements alone.) When the remaining 24 percent were asked why the agency was not attempting to acquire more lands, only seven percent cited budgetary reasons; eight percent stated that they had sufficient lands already.

It is therefore difficult to assess what the real need for land is, or what the constraint might be in satisfying that need. It appears that if land is needed, most non-Federal public entities are not interested in leasing lands from others. They would rather own it. As an example, the letter from one Governor says the state could not take over additional responsibilities without long term control of the land.

The regional workshop respondents were split on the issue of land transfers to non-Federal public agencies in exchange for development or takeover of recreation areas. Forty-three percent of all respondents said lands should be transferred; 43 percent said lands should not be transferred. Of those who responded favorably, 38 percent were state and local government representatives. As a group, 57 percent of the state and local government workshop participants favored transfer. However, the telephone survey conducted found that 73 percent of the non-Federal public sector respondents thought their agency would consider land transfer as an incentive to encourage the agency to take over Federal areas.

It is important to consider this option on a case-by-case basis to insure that other project purposes are not compromised by a complete loss of land ownership. This could be particularly important in relation to water quality and flood control requirements. Implementation of this option would require changes in Federal property law (41 USC 484) and General Services Administration rules and regulations (41 CFR 101-47.3).

Option 2: Allow charging of differential fees.

A source of income for non-Federal public lessees is charging non-residents higher fees. Where resident tax dollars fund the project development, or O&M costs on leased areas, a higher fee for non-residents may be justified.

¹ National Association of State Park Directors, pp. 17-20.

The Land and Water Conservation Fund Act, for example, allows some differential fees on areas partially funded with Federal monies. The Act [16 USC 460l-8(f)(8)] provides: "With respect to property acquired or developed with assistance from the fund, discrimination on the basis of residence, including preferential reservation or membership systems, is prohibited except to the extent that reasonable differences in admission and other fees may be maintained on the basis of residence." However, this refers to use of the LWCF for acquisition and development of non-Federal areas. It does not address the situation in which the area is Federally owned, and only leased to non-Federal interests.

Where non-Federal project costs and recreation O&M are funded entirely by entrance fees, allowing non-Federal lessees to charge a differential fee based on residency would be difficult to justify. Differential fees in that case would be inappropriate, since residents and non-residents would share equally in project costs.

An argument against differential fees, in general, is that the local economy is enhanced by expenditures made by non-resident users of the project, reducing the need for differential fees to compensate local taxpayers.

There are no known Federal laws specifically authorizing or prohibiting implementation of this option. Implementation, where appropriate, would probably require a change in policy only.

Option 3: Reduce restrictions and reporting requirements.

Reducing restrictions and reporting requirements would decrease the non-Federal public entity's costs and provide some incentive for its participation in the Corps recreation program. When asked in the telephone survey what actions would be incentives for takeover of Corps recreation areas, 75 percent of the non-Federal public respondents cited input into project operation decisions and 71 percent cited input into project land use decisions.

Reducing lease restrictions, however, was one of the two least supported options presented to Corps employees at the Natural Resource Management Conference workshop. Of the 41 respondents, the majority indicated that this proposal would have negative impacts on the study objective. Comments indicated that potential existed for this option to meet the study objective, but that the potential also existed for an increase in unsafe areas and environmental problems. The Federal government, for example, is still responsible for legal requirements, such as National Environmental Policy Act compliance, on Federal lands even if the land is leased to others. Implementation of this policy requires policy changes only.

Option 4: Delegate more authority to Corps districts.

This option entails reducing "red tape" and, as such, would eliminate excessive time and money spent on getting approvals for various actions. Examples of situations requiring higher level approvals are non-standard leases and cost sharing contracts. The option was

avored by several groups surveyed throughout the study process. A question posed to the workshop attendants was whether the Corps should reduce recreation cost-sharing red tape. Eighty-four percent of all respondents and an overwhelming 92 percent of the state and local government representatives responded affirmatively.

Presently, non-standard leases must be submitted to Corps Headquarters or Assistant Secretary of the Army (ASA) levels for approval, and all cost sharing agreements must be approved at the ASA level. Many non-standard lease requests can be handled more expeditiously, but the approval process for cost sharing agreements (from the time of local agreement to cost share to the time of final approval) takes an average of two years to complete. After approval, actual funding may be delayed indefinitely. While no actual dollar figures can be assigned to these delays, inflation may significantly increase the ultimate cost of cost share developments, once they are funded. Information Collection Task Force Number Three estimated that reducing red tape would yield greater than five million dollars per year in net benefits to the Corps.

As with all options, this one is not without drawbacks. Corps employees surveyed at the Natural Resource Management Conference workshop commented that the option would result in increased efficiency and provide a more realistic view of the local situation and needs. On the negative side, however, inconsistency in policy, particularly within one state that contains more than one Corps district or division, is a potential concern. Implementation of this option requires policy changes only.

Option 5: Encourage non-Federal entities to exchange areas with the Corps to create more efficient operating units.

This option entails realigning the management of existing recreation areas. It does not address actual transfer of title in land to other agencies, which is covered elsewhere in the report. Exchanging areas for management is being done in the Missouri River Division, for example, where large projects have several state and Corps areas interspersed throughout the project. Areas were grouped geographically, with each agency taking all areas in one general location. The overall impact on the study objective is difficult to assess, since numerous factors would be involved in each individual exchange. In general, however, it is an incentive for some non-Federal public agencies since it potentially reduces their operating costs under existing leases with the Corps. The letter from one Governor, for example, recommended "swapping" areas so that it could manage all areas on one project and the Corps could manage all on another. This option can be implemented through existing policy.

Option 6: Encourage qualified colleges and universities to enter into leases or cooperative agreements.

At the regional workshops, 56 percent of all respondents and 54 percent of the respondents in the state or local government category responded favorably to the proposal. Eighty percent of the academic community category responded favorably. As in all cases,

there were regional differences between the workshop respondents. Areas, such as the Atlanta region, which have access to several universities with park management programs, had a slightly higher percentage rate that favored the proposal.

This option has been successfully pursued by other agencies. The U.S. Forest Service currently has an agreement with California State University, Chico, for the school to operate and maintain recreation areas at Eagle Lake, California. Currently, the services are provided by the University under a concession lease, whereby the school recovers its costs through camping fees. The University would like, however, to change this to a cooperative agreement arrangement, thereby avoiding the concession bidding process. As demonstrated by this arrangement, the option is a viable one and could be pursued by the Corps on a case-by-case basis. It can be accomplished through policy changes, as needed.

Option 7: Enter into multi-area or entire lake lease agreements.

Leasing entire projects under one lease instrument entails consideration of natural resource management leases, as well as recreation leases, and, as such, is beyond the scope of this study. However, including several recreation areas (from one or several projects) in one lease is being done in several districts. Its impact on the study objective may be limited, however, since separate leases were not mentioned by any group as a problem at this time. Implementation can be accomplished within existing policy.

Option 8: Enter into longer term leases.

Authority exists at the Assistant Secretary of the Army level for granting 50 year leases; however, not all Corps divisions or districts may take advantage of this authority. Where the lease length is limited to less than 50 years, it becomes more difficult for the non-Federal manager to obtain subleases with private developers. (Fifty-eight percent of the resort developers surveyed said a long term lease was an essential incentive for their participation.) To assist the non-Federal public agency in maximizing its recreation potential, all districts could be encouraged to request leases with a 50-year lease term where major capital investments are involved. Implementation entails encouraging use of this option within existing policy.

Option 9: Provide more flexibility in determining length of stay.

The Code of Federal Regulations governing public use of Corps projects (36 CFR, Chapter III, Part 327.7) prohibits camping at one or more campsites at any one project for a period longer than 14 days within any 30-day period without the written consent of the District Engineer. As all outgrantees must comply with Federal and Corps rules and regulations, this provision applies to lessee campgrounds, as well as Corps camping areas. However, the 14-day stay limit has also been imposed on other overnight facilities provided by lessees, such as lodges and cabins.

Flexibility in length of stay can maximize non-Federal public revenues. By allowing stays longer than fourteen days at lessee campgrounds, lodges and cabins during low use periods, facility use could be maximized and lost revenue recovered without jeopardizing the availability of facilities for the general public. This option should not be construed as eliminating the stay limit. To allow unrestricted stays could result in long-term private use or "homesteading." Only a change in policy is needed to implement this option, but coordination with other agencies using the limit would be prudent.

Option 10: Allow sale of lottery tickets in compliance with state/local laws.

The option for allowing state lottery sales was addressed under the revenue generation section of the regional workshop questionnaire; however, assuming the results represent the groups' opinion about lottery ticket sales at Corps projects in general (and not just the groups' assessment of lottery sales as a way to generate revenue), the results are given here. There was no clear cut response. Of all workshop participants, 38 percent favored the proposal, 23 percent were neutral and 39 percent opposed it. State and local government respondents were slightly more neutral; 30 percent favored the proposal, 31 percent were neutral and 39 percent opposed it. The interest may be increasing, however, as state lotteries become more commonplace. This option can be implemented with a change in policy.

Option 11: Allow sale of liquor in compliance with state/local laws.

Of all regional workshop participants, 37 percent favored the sale of liquor by Corps lessees, 17 percent were neutral and 46 percent opposed it. State and local government respondents were slightly more negative; 29 percent favored the proposal, 22 percent were neutral and 49 percent opposed it. Sixty-three percent of the concessionaires surveyed in the telephone interview thought current alcohol restrictions were neither an advantage or a disadvantage to their business. Of the resort developers queried by phone, 69 percent said a liquor license was not an essential element in a successful lease arrangement, and 74 percent of the users opposed liquor sales. Some concern was also expressed throughout the study regarding the inconsistency between relaxing liquor restrictions and the Corps water safety program.

On the other hand, the report summarizing the personal interviews (Appendix G) stated, "Prohibition against the sale of alcohol or discrimination against distilled spirits or against drinks sold in bars as opposed to restaurants also diminishes private-sector freedom of action and profit potential." Additional facilities could be made available to the public if the ability to sell alcohol brought in private resort development through a non-Federal public sub-lease. Potential sub-lessees, such as major hotel chains, require their franchisees to meet minimum facility and service standards, often including such facilities as hotel lounges and nightclubs. Changes in existing policy regarding liquor could be made to implement this option.

Option 12: Relax the policy of closing areas turned back to the Corps.

Relaxing the policy of closing areas turned back to the Corps was suggested to avoid Corps employees' apprehension about offering areas for lease because of the potential closure of the area should the lease be relinquished. While this apprehension may exist, the option, standing alone, cannot satisfy both parts of the study objective. Allowing relinquished areas to be operated by the Corps would maintain recreation opportunities that would otherwise be lost, but unless a system of user charges could be initiated that would generate sufficient funding, the net Federal expenditures would not decrease. Under the current system of fees, only a camping area or day use area with high revenue producing picnic shelters could meet the criteria.

This option also encourages relinquishment of leases. As noted, non-Federal public budgets are strained. There would be little incentive for non-Federal public agencies to operate and maintain recreation areas at local expense if the Corps would be willing to take them back and operate them at 100 percent Federal expense. For consideration, this option must be modified to state that the Corps will only continue to operate areas turned back where it can generate revenue greater than the O&M costs incurred, so that a net decrease in Federal expenditures results. This can be accomplished through a change in policy.

d. Conclusions.

The Secretary of the Army has broad discretion in leasing matters under 16 USC 460d. For the leasing options considered, no legislation would be needed, but policy changes or enforcement of existing policies would be required.

Several options would reduce the lessee's cost of doing business with the Corps, allowing the lessee to spend more on development of new facilities or takeover of existing Corps O&M. One is to delegate more authority to Corps districts, thus eliminating excessive time and money spent on getting approvals for various actions. Others are reducing reporting requirements, entering into multi-area or entire lake lease agreements and encouraging non-Federal public entities to exchange areas for more efficient management.

Several options were considered that could have greater potential impact on the study objective because they directly address the main roadblock to non-Federal participation--limitations on non-Federal funding. These options include flexibility on the 14-day stay limitation, allowing differential fees, allowing the sale of lottery tickets and entering into longer term leases. Execution of these options could be accomplished through changes in Corps internal policy. No changes in law are required.

Restrictions on liquor sales do not appear to be a disincentive for increased non-Federal public involvement. Relaxing the policy of closing recreation areas turned back to the Corps would not meet the study objective unless a system of user charges could more than recover Corps O&M costs.

Encouraging non-Federal public entities to accept land not needed for project purposes in exchange for development and/or management of Corps recreation areas may be of limited value, since the majority of agencies do not have the funding to take on additional financial burdens. However, for those agencies which have sufficient funding, the resulting savings from reducing Corps O&M on existing areas could be high. A change in law would be necessary.

Table 16 summarizes the potential net savings, whether a law or policy change is needed to implement each option under the lease incentives category, and study conclusions.

Table 16
Summary of Non-Federal Public Involvement Options--Lease Incentives

OPTION	POTENTIAL SAVINGS¹	LAW OR POLICY CHANGE	CONCLUSION
1. Transfer Corps lands in exchange for development and/or management of Corps areas	medium	law	consider
2. Allow charging of differential fees	medium-low	policy	pursue
3. Reduce restrictions and reporting requirements	medium-low	policy	pursue
4. Delegate more authority to lower levels	medium-low	policy	do not pursue
5. Exchange management of recreation areas	medium-low	policy	pursue locally
6. Encourage colleges to enter into leases or cooperative agreements	medium-low	policy	pursue locally
7. Enter into multi-area or entire lake leases	low	policy	pursue locally
8. Enter into longer term leases	low	policy	pursue
9. Provide more flexibility in length of stay	low	policy	pursue
10. Allow sale of lottery tickets	low	policy	pursue
11. Allow sale of liquor	low	policy	consider
12. Relax policy of closing recreation areas turned back to the Corps	low-none	policy	do not pursue

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

E. PRIVATE INVOLVEMENT

The Private Involvement category includes programs or activities that could be used to encourage greater participation by the private sector in the operation and maintenance, further development, or takeover of Corps recreation areas. This category has been subdivided into:

- (1) Financial Incentives;
- (2) Developmental Incentives;
- (3) Lease Incentives.

At Corps of Engineers projects, the private sector has provided recreation facilities for many years. The Corps currently has over 400 leases with concessionaires on its project lands, representing an investment of over \$400 million. Recreation development by the private sector on Corps land is often complementary to adjacent private services on private land. It can stimulate local tourism-based economies. The issue of private investment partnerships was addressed by the President's Domestic Policy Council, which advised that "Partnerships on Federal lands should serve a demonstrated public demand and be responsive to special groups, such as the disabled, youth, and families." Further, "The recreation opportunity provided should be appropriate to the charter of the Federal agency and in the long term interest of the public."¹

1. FINANCIAL INCENTIVES

a. Current Situation. The Corps of Engineers typically does not provide financial incentives to the private sector to develop, operate, or maintain public recreation facilities.

b. Options Considered. Options considered were:

- (1) encourage development through low-cost, long-term loans;
- (2) provide tax incentives;
- (3) subsidize concessionaire rentals through rebates and/or downward adjustment of rent payments to the Corps;
- (4) allow cost sharing with private sector developers.

c. Evaluation of Options. Broad confirmation of the potential of financial incentives to meet the study objective is found in the telephone survey of resort developers and non-Corps concessionaires. Sixty-seven percent of the respondents were willing to provide O&M at existing areas in conjunction with a development agreement to provide resort facilities. (O&M was described as including mowing and cleaning, not necessarily total management of the area.) Some reported they were already involved in such an arrangement. They were

¹ Task Force on Outdoor Recreation Resources and Opportunities to the Domestic Policy Council, pp. 19-20, 119.

also quite optimistic about the range of services and facilities they could provide the public, including hotels, conference centers, restaurants, ski resorts, lodges, cabins, and marinas. When asked to identify whether some sort of financial package (e.g., leasebacks, subsidy, etc.) was an essential element to development on public land, 58 percent of respondents to the resort developer/non-Corps concessionaire questionnaire answered in the affirmative. It should also be noted that over two-thirds (69 percent) of Corps concessionaires believed the Corps should continue to provide O&M of recreation facilities, while, in contrast, only 17 percent of respondents to the Resort Developers survey thought the Corps should continue to provide O&M of recreation facilities. (Forty-four percent were undecided.)

Regional workshop participants also supported the general notion that the Corps should increase private involvement in recreation development through financial incentives. (Fifty-five percent favored the general category of increasing financial incentives.) Workshop participants opposing financial incentives were users and environmental groups. Those supporting financial incentives included Corps concessionaires, resort developers, recreation-related businesses, tourism associations, and local government representatives.

Option 1: Encourage development through low-cost, long-term loans.

One financial incentive identified was making available low interest Federal loans to private developers to provide public recreation facilities on Corps lands. By working with the Small Business Administration to procure "seed money" for initial investments, the Corps could help increase the involvement of small businesses at recreation areas. Again, the private businesses would most likely provide additional recreation facilities that are not now available to the general public. Responses were inconclusive from regional workshop participants on the proposal to encourage the granting of low-interest, long-term loans to private developers; 46 percent were for this option, 40 percent against.

However, one person surveyed who had experience building facilities on the Tennessee-Tombigbee Waterway suggested the Corps initiate a grant program similar to the Community Development Block Grants. Such a program would offer an incentive to private developers to develop and maintain Corps lands, but would not directly involve government money. The funds would come from bank loans guaranteed by the government.

Deterrents to arranging low-interest loans include the probability that this action would assist future development, but would not necessarily reduce current Corps O&M expenditures. Other obstacles are the required legislation, executing an agreement with the Small Business Administration, competition with other Federal programs for loan money, and a probable increase in Federal expenditures for initial seed money, administrative costs of running the program and potential loan defaults.

In addition, only 22 percent of the respondents to the telephone survey of resort developers and non-Corps concessionaires considered government grants as incentives for private development on public lands, perhaps because of increased government paperwork,

regulations, policies, and control. One could logically assume government loans to be even less of an incentive than government grants. This point was illustrated in an interview conducted with a state authority charged with the economic development of a river basin. The authority sees no need for grants or subsidies to developers; they believe that if developers are allowed access to recreational lands and a free hand (within certain guidelines), economically successful development could occur.

Option 2: Provide tax incentives to private sector developers.

The option of providing tax incentives to private entities who operate and maintain recreation facilities at Corps projects was also considered. On the plus side, tax incentives are presently employed by the government to effect a wide array of public policies. Tax incentives also appeal to potential developers. In the telephone survey of Resort Developers and Non-Corps Concessionaires, 42 percent of the respondents identified tax breaks as an incentive for private development on public lands. A significant barrier to adoption is the loss of revenues to the Federal treasury. Again, responses from regional workshops were ambivalent; 42 percent favored promoting tax incentives for private development, while 38 percent were against. While estimates of foregone tax revenues are unknown at this time, the loss of money to the treasury could exceed any savings that would accrue to the Corps O&M program. Changes in existing tax laws would be needed to implement this option.

Option 3: Subsidize rentals through rebates and/or downward adjustment of rent payments to the Corps.

Another option considered was subsidizing, lowering, or deferring the rents paid by private concessionaires to the Corps in exchange for their takeover of O&M responsibilities at Corps areas. The premise is that giving a financial break to private entities or delaying their required payments would attract additional partners. In the case of deferred rents, concessionaire revenues in initial years would ideally be reinvested in the facility. While income to the U.S. Treasury would decline in the short run (typical rent is approximately two percent of a lessee's gross income and usually ranges from \$2,000 to \$30,000 per year), the potential benefit of this option is a reduction in long-term Corps O&M costs resulting from private assumption of O&M responsibilities.

From a practical standpoint, only areas with profit-making potential would be taken over by private developers since less desirable areas would not be considered for takeover regardless of rent. There would also be pressure from existing concessionaires to apply any rental reduction retroactively to both old and existing concessions, as well as to new lease areas. Rather than reducing Federal expenditures, this option could thus actually increase government costs. There was also little support from the regional workshops for subsidized rentals through rebates to concessionaires. (Fifty-one percent opposed, 23 percent were neutral, and 26 percent supported this suggestion.) The majority of supporters of subsidized rentals were concessionaires. Adoption of this option would involve modification of Engineer Regulation 405-1-12 and changes to 16 USC 460d.

Option 4: Allow cost sharing with private sector developers.

Examples of items to be cost shared are infrastructure improvements (e.g., roads, electricity and water) and non-traditional facilities, such as golf courses, tennis courts, swimming pools, and other recreation facilities not normally cost shared at Corps projects. Cost sharing revenue-generating facilities could induce greater private investment because the private partner could earn higher profits from these facilities than from such traditional Corps facilities as campgrounds and picnic areas. The public would benefit from the greater variety of recreational facilities, as well. The study objective would not be met, however, unless additional Corps O&M responsibilities were assumed.

Responses from participants at the regional workshops on the question of allowing cost-sharing with private developers were fairly evenly split, with 49 percent for cost-sharing and 41 percent against. Others were more in favor of cost sharing. One state Governor endorsed the idea of cost sharing with non-Federal public and private entities. He wrote,

While the Corps of Engineers is authorized by PL 89-72 to enter into cost-sharing agreements for recreation development, the current Corps of Engineers policy of not cost-sharing in such projects with local sponsors is self-defeating and stymies needed improvements. The Corps of Engineers must take a positive view toward contributing funding for projects if it is going to be successful in promoting the development, enhancement and operation of recreation facilities by non-federal public agencies and the private sector.

Disadvantages to cost-sharing, however, are numerous. First, cost-sharing would require a high initial outlay of Federal funds, which may or may not be feasible in an era of fiscal austerity. Second, the profit motivation of private developers could lead to resource degradation. Third, most existing Corps recreation areas do not exhibit much profit-making potential for private entities, who would need new recreation developments to turn a profit. Cost sharing thus becomes an incentive for new development, not necessarily an inducement to take over existing O&M. Statutory changes (PL 99-662 and PL 89-72) and policy changes would be required in order for the Corps to cost share with private developers.

d. Conclusions.

To reiterate, the chief benefits of offering financial incentives to the private sector are: (1) these businesses would most likely provide additional recreational facilities than are now available to the general public; and (2) Federal expenditures could be reduced through private takeover of Corps O&M obligations. However, the likelihood and willingness of private developers to take over Corps O&M responsibilities in exchange for financial incentives is unknown. Because the O&M savings would have to exceed the costs incurred by the Corps in providing a financial incentive in order to meet the study objective, the disadvantages of these options may outweigh their advantages.

The drawbacks to providing low-interest loans, including probable increases in Federal expenditures for initial seed money, administrative costs of running the program, and potential loan defaults, and the fact that developers did not view this option as an incentive, mitigate many of the potential advantages of such a loan program. The tax-break option was considered an incentive by developers; however, implementation would initially result in a loss of tax revenues to the Treasury. Whether O&M savings to the Corps would compensate for the revenue shortfall is unknown at this time. More detailed study of the utility and the potential costs and savings of these two options is necessary.

In the case of subsidizing concessionaire rentals, the Federal Treasury would forego a steady revenue, current rental income, in hope of lowering future Corps O&M costs. Another major difficulty is that such an action could potentially backfire; the Corps could be required to apply any rental reduction to all existing concessionaires as well as new leases. Regarding cost-sharing with private developers, the high initial Federal outlays could nullify potential savings resulting from lower O&M costs down the road. Cost sharing would also facilitate the development of new areas rather than the takeover of existing recreation areas.

Table 17 summarizes the potential net savings, whether a law or policy change is needed to implement each option under the financial incentives category, and study conclusions.

Table 17
Summary of Private Involvement Options--Financial Incentives

OPTION	POTENTIAL SAVINGS ¹	LAW OR POLICY CHANGE	CONCLUSION
1. Encourage low-cost, long-term loans	unknown	law	consider
2. Provide tax incentives	unknown	law	not pursue
3. Subsidize concessionaire rentals	unknown	law	do not pursue
4. Allow cost sharing	unknown	law	do not pursue

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

2. DEVELOPMENTAL INCENTIVES

a. Current Situation. The Corps provides developmental incentives through such things as rental formulas tied directly to gross fixed assets/gross income; restricting overdevelopment by competitors on Federal-owned land; providing support facilities on adjacent properties; and development of master plans (detailed planning documents for all recreation areas at a Corps project).

b. Options Considered. Options considered were:

- (1) transfer Corps lands to developers in exchange for development and/or management of recreation areas;
- (2) acquire land adjacent to recreation areas to make the entire site attractive to potential developers;
- (3) fund and/or conduct experimental and research studies, provide test sites for demonstration projects, and conduct market studies;
- (4) offer several recreation areas in one development package, thereby giving developers opportunities to increase profits through controlling multiple compatible uses.

c. Evaluation of Options. The regional workshop reaction to providing developmental incentives for private involvement was positive. Over 58 percent favored the option, while only 28 percent thought the Corps should not provide such incentives.

Option 1: Transfer Corps lands to developers in exchange for development and/or management of recreation areas.

The options of land sales and increasing revenues through lease of lands to the private sector were discussed in the earlier section on Revenue. This option suggests the transfer of Corps managed land to the private sector in exchange for development and/or management of Corps recreation areas. As such, this option would not involve a sale or a lease. Although enhanced recreation opportunities could result, such a transfer would not result in revenue generation for the Corps, but could result in cost avoidance or O&M savings.

The incentives for the private entity are the receipt of potentially valuable real estate and greater freedom to develop facilities than would be possible under a lease agreement. Sixty-two percent of respondents in the concessionaire or developer categories at the regional workshops favored the option, and 42 percent of the 36 developers interviewed by telephone stated that not holding fee simple title to the developed properties was a "major disadvantage" in developing Corps lands. Developers felt they were assuming a certain amount of risk in making capital improvements on land which they did not own.

Other private sector sources confirmed this belief. A large time-share developer stated it would be interested in developing Corps lands only if the land were transferred or

sold to it outright. A lease would be out of the question, and the firm would want a free hand in developing the site.

While a positive reaction to the option as originally phrased was received by the private sector, two modifications of this option are needed for it to meet the study objective. First, in addition to the private sector's provision of recreation development, existing Federal costs must also be assumed by the private entity in exchange for Federal land.

This may be possible. The same time-share developer, previously cited, was willing to provide some O&M of adjoining Corps property in exchange for Corps land if this contributed to the attractiveness of its development. Of the private developers surveyed by telephone, 67 percent stated they would be willing to provide the O&M on existing areas if it were in conjunction with a development agreement to provide resort facilities. (O&M was described as including mowing, cleaning, etc., not necessarily total management of the area.) This willingness was attached only to an agreement for resort development on Corps lands. It is assumed that the actual transfer of land would also be an incentive worthy of the resort developer's providing O&M services. Thus, it appears that the potential exists for private recreation providers to perform O&M services on Corps areas, reducing net Federal expenditures. It would not be necessary for the entity to take over complete management of the area. Reductions in Corps O&M would be realized by the private provision of O&M services at recreation areas otherwise managed by the Corps.

Second, to meet the study objective, a "reversion clause" is needed in the deed that specifies that if the private interest no longer provides public recreation facilities or no longer provides O&M services to reduce the net Federal expenditures for recreation, the land reverts back to Federal ownership. This is an important safeguard, but realistically, once the land is resold or used for private use, it would be difficult and expensive to enforce the reversion clause. In addition, depending on the condition of the land, the Corps may not want to resume ownership.

This option met with opposition from several sources. Over two-thirds of the regional workshop respondents indicated the Corps should not transfer land in exchange for recreation development or management. A specific example of public sentiment is illustrated in a letter received in response to the study. The president of a bank in Missouri wrote: "I strongly believe the Corps must maintain control of their assets. Long-term preservation of these assets is a primary responsibility and should not be compromised."

As with other transfers of land, impacts of this option on other project purposes should be considered on a case-by-case basis. Implementation of this option would require major changes in Federal property law (41 USC 484) and General Services Administration rules and regulations (41 CFR 101-47.3).

Option 2: Acquire land adjacent to recreation areas to make the entire site attractive to potential developers.

There were limited findings documenting a need for additional land to make private sector recreation developments more viable. Fifty-five percent of the regional workshop participants favored this option, but only 47 percent of the developer and concessionaire categories preferred it.

Seventy-five percent of the developers surveyed stated that a scenic location was essential for a successful development, but those locations are generally on, or near, the lakeshore. Considerations similar to those discussed under non-Federal public involvement apply here. Additional land beyond the project perimeter would be of less value to most private recreation development interests. Where Corps land is limited to a narrow strip around the lake, adjacent residential development is common. To attempt to purchase such lands may not be feasible and would be costly since the land is now "lakefront property."

As indicated in the option to sell land, the study objective cannot be met with this option unless some binding provision is in place to assure that recreation is maintained or enhanced and net Federal expenditures are reduced by the private entity for which the land is acquired. The Corps has sufficient authority to acquire additional lands for public park and recreation purposes.

Option 3: Fund and/or conduct experimental and research studies, provide test sites for demonstration projects, and conduct market studies.

There was little opposition to this option (53 percent of the regional workshop attendees favored it), but its value in meeting the study objective is unknown based on limited study findings. This option could put the Corps at risk in that Federal spending would increase with no guarantee of compensating recreation development or future reductions in Corps O&M. It can, however, be implemented with policy changes alone.

Option 4: Offer several recreation areas in one development package, thereby giving developers opportunities to increase profits through controlling multiple compatible uses.

No specific reaction was received on this option; however, this could be considered to increase overall efficiency and reduce the private sector partner's cost of doing business, making a joint venture with the Corps more attractive. This option could also be implemented within existing policy.

d. Conclusions.

What may be the greatest potential incentive for increased private development, transfer (or sale) of land, also received some of the most negative reactions from various sectors. It would require major changes in law.

Other options would have less impact on the study objective, but could be implemented with policy changes or emphasis on existing policy. The need for acquiring additional land was not substantiated and could result in significant increases in net Federal expenditures. Providing test sites for demonstration projects, conducting market studies and offering several recreation areas in one development package were lesser incentives. Specific savings would depend on case-by-case analyses of the costs versus increased private participation as a result.

Table 18 summarizes the potential net savings, whether a law or policy change is needed to implement each option under the developmental incentives category, and study conclusions. The net savings projected are based on the maximum savings possible if the option could be fully implemented.

Table 18
Summary of Private Involvement Options--Developmental Incentives

OPTION	POTENTIAL SAVINGS ¹	LAW OR POLICY CHANGE	CONCLUSION
1. Transfer Corps lands to developers in exchange for development and/or management of recreation areas.	high	law	consider
2. Acquire land adjacent to recreation areas to make the entire site attractive to potential developers.	medium-low	policy	do not pursue
3. Fund and/or conduct experimental and research studies, provide test sites for demonstration projects, and conduct market studies.	medium-low	policy	pursue locally
4. Offer several recreation areas in one development package.	medium-low	policy	pursue locally

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

3. LEASE INCENTIVES

a. Current Situation. The Corps currently employs lease agreements with concessionaires at Corps recreation areas which restrict the concessionaires (lessees) on the types of recreational use allowed and the length of lease permitted.

b. Options Considered. Lease incentives proposed to induce greater private involvement at Corps recreation areas included:

- (1) relax restrictions;
- (2) lengthen lease terms;
- (3) allow private exclusive use;
- (4) limit the liability of private developers.

c. Evaluation of Options. The responses from participants at the regional workshops were moderately receptive on the issue of lease incentives. The majority (55 percent) responded that the Corps should provide lease incentives to the private sector, while 17 percent were neutral.

Option 1: Relax lease restrictions.

Most groups surveyed at the regional workshops favored lease incentives in general. On the question of relaxing lease restrictions, however, a plurality (45 percent) recommended fewer restrictions while 41 percent thought restrictions should not be relaxed. Several specific lease restrictions are addressed here. They include reducing "red tape," limitations on types of facilities permitted, alcohol restrictions and pricing restrictions. With regard to red tape, 66 percent of Corps concessionaires considered dealing with the government bureaucracy a disadvantage to their operating in a public area.

Reducing restrictions to allow lessees to engage in a wider range of activities and permitting non-traditional recreation facilities were also identified as potential incentives for attracting private involvement. These facilities are potentially profitable to private operators and could make operation of a Corps recreation area economically viable. Federal costs could be reduced if O&M responsibilities were assumed by the private entity. The public would benefit from the wider range of activities available.

Current policy regarding cost sharing (Engineer Regulation 1165-2-400), permits facilities that "stand-alone" (are not dependent on the presence of the project), if those facilities are provided at 100 percent non-Federal expense. Examples of facilities cited in the regulation are swimming pools, golf courses and tennis courts. However, local Corps restrictions may discourage the development of these "stand-alone" facilities. In some cases, restrictive local policies are based on the interpretation that if a facility is not specifically listed in ER 1165-2-400, that facility is not permitted on Corps land, regardless of the funding source.

While this option would provide different kinds of recreation facilities, and some recreationists might prefer the mix of new opportunities, several problems may exist with development of "stand-alone" facilities. Public opposition to a perceived trade-off of natural resources for commercial development could be expected. For example, while a majority of users and conservationists interviewed through telephone surveys were not generally opposed to large-scale development of recreation areas, they also stated that a resort development project should not be allowed to pose a significant threat or danger to the environment. Facilities that users and conservationists groups found acceptable included campgrounds, RV parks, beaches, boating, and hiking. Facilities less favored included tennis courts, pools, ski areas, and resort areas with hotels. A facility found completely unacceptable was theme parks, disapproved of by 88 percent of those surveyed. Another potential drawback is the administrative burden and expense of regulating which private developments are compatible or appropriate at Corps projects.

As related to the public recreation experience, allowing gambling and liquor sales was perceived by some individuals as resulting in a degradation of the "traditional family atmosphere." On the other hand, additional facilities could be made available to the public if the ability to sell alcohol brought in major resort development. Major hotel chains require their franchisees to meet minimum facility and service standards, often including such facilities as hotel lounges and nightclubs. While the Corps restriction against the sale of liquor in non-restaurant establishments was one of the barriers to private sector freedom of action and profit-making voiced by several of the detailed interviews, Corps alcohol restrictions were considered disadvantageous by only 26 percent of the Corps concessionaires contacted in the telephone survey, and restrictions on gambling, by just one percent. Sixty-three percent were neutral to Corps restrictions on alcohol, and 89 percent were neutral on gambling restrictions. Allowing alcohol and gambling were unacceptable to 74 percent and 88 percent, respectively, of the users and conservationists interviewed through telephone surveys. Adoption of this proposal would require changes to several Corps regulations.

Other lease restrictions inhibiting private involvement were identified through detailed interviews and regional workshops. One development authority referred to Corps regulation of the prices a lessee may charge customers, which sometimes results in below-market pricing. This theme was echoed in a special study conducted for the ASA(CW) in 1983, which concluded that the Corps should rely more on the competitive pricing policy of the private sector in regulating concession operations.

Finally, relaxing the previously discussed 14 day length of stay limitation could have a positive impact on many private enterprises. During periods of low use, allowing longer duration stays could generate additional revenues which could be very important to marginal concessionaires. Again, this length of stay should not be extended to allow the establishment of full or part time residency. Adoption of this proposal would require a change in policy.

Option 2: Lengthen lease terms.

By Corps regulation, lease terms cannot exceed 25 years without Assistant Secretary of the Army level approval. The proposed issuance of up to 50-year leases would help potential developers obtain financing from lenders, thereby potentially increasing private development on Corps lands. Leases of at least 32 years would also allow private investors to take full advantage of IRS depreciation schedules.

This option was favored by several sources surveyed. One interviewee offered an example of a special fifty-year lease that resulted in substantial public and private investment and local economic growth. One state Governor wrote in favor of increasing lease terms, arguing that major investments required longer leases. According to the survey of resort developers and non-Corps concessionaires, 58 percent considered a long term lease "an essential ingredient" for development projects. ("Long-term" was defined as long enough to encourage capital investment and to foster security.) Similarly, 58 percent said a longer term lease agreement would serve as an incentive to develop.

A disadvantage of longer-term leases is that it "locks in" some portion of public lands for extended periods of time with accompanying loss of Federal control. In dealing with unsatisfactory private concessionaires, it would be more difficult for the Corps to terminate a long term lease than to refuse to renew a shorter term lease upon its expiration. Implementation of this option would require policy changes only.

Option 3: Allow private exclusive use.

Increasing private exclusive use and charging a realistic fee for that use was discussed under the Revenue section from the potential revenue standpoint. The points made in that context are not repeated here; however, similar issues arise in both areas.

Allowing private exclusive use was also addressed as an incentive to increase private development on Corps lands. The range of options considered under "private exclusive use" could include allowing long-term use at an existing concessionaire facility (e.g., long-term trailer or cabin leases) and private development of a resort complex with time-sharing units and public recreation areas. Other examples would include apartments and other long-term rental facilities and privately owned facilities, such as private beaches, lodges, docks, club docks within commercial concession areas, floating cabins and cottage sites. To meet the study objective, in exchange for the right to develop private facilities on project lands, the developer would be required to provide O&M at existing Corps recreation areas and provide recreation opportunities accessible to the general public. This could be used as an incentive to encourage public recreation development otherwise not feasible or profitable.

It should be noted that selling public land for private use is not contemplated as a component of this option, nor is excluding public access from project resources. Rather, private development would be permitted on project lands, but public ownership of those lands

would be retained. Any non-floating structural development would be limited to lands above the flood pool. Some of the facilities or services could be operated by the private developer for a profit and be made available only to the paying public. Other facilities could be made available to the general public under guidelines established for all Corps projects in addition to the area set aside for private exclusive use.

Although the study objective could be met with compensatory public recreation and takeover of existing O&M in conjunction with the private exclusive use, public opposition to this option can be expected. Sixty-three percent of the regional workshop participants responded that the Corps should not allow private exclusive use in conjunction with public recreation development. (Fourteen percent were neutral and 23 percent supported private exclusive use). The only affiliations for which a majority voted to allow private exclusive use were concessionaires and resort developers. In addition, the Recreation Study Task Force received a plethora of correspondence echoing these reservations. Over 200 letters and petitions with 5,800 signatures in opposition to private exclusive use or selling public lands were received. Examples of the content are given below. Apparently many people erroneously associate "private exclusive use" with selling waterfront lots at Corps reservoirs, which plainly has negative connotations.

The Executive Director of a national association wrote, "The national public interest and investment in Corps of Engineers projects should be retained, and no private partnership should grant or imply exclusive private rights, or diminish public recreation access and use." A retired couple from Illinois who have camped at Corps facilities for years wrote, "We feel that through privatizing Corps lakes, public access will be limited, as demonstrated in older Corps lakes. At newer Corps lakes, private housing and developments are limited and more open land is available for public use. In addition, the Corps campgrounds and other facilities will become more expensive if privatized and outprice those who can least afford the increases." One concerned user wrote, "Corps land was bought, developed, and maintained by tax dollars for the use of the public, not for the profit of a few...Let's not take public land away from the tax-paying public." Another citizen communicated, "I somehow thought that Corps land was there for all to enjoy...not just a select few who care nothing about five, ten, or more years down the road as long as they are monetarily enriched. [The Corps should] see that development of the land is prudent and representative of the majority of the people."

Although private management of recreation areas would reduce Corps O&M expenditures, costs to the Corps associated with management of those areas would not disappear entirely. The Corps would still incur expenses in administering the leases, including compliance efforts. Another potential risk is the chance of a private operator defaulting on financing or other commitments, resulting in Corps liability for continued operation or removal of the facilities and restoration of the area to its original state. Current Corps policies and regulations would have to be changed to allow private exclusive use.

This summary of pros and cons clearly does not definitively resolve the arguments for and against private exclusive use. Opportunities may exist in some locations and under some

circumstances for private exclusive use development, but further study is needed to determine their feasibility on a case-by-case basis.

Option 4: Limit liability of private developers.

This option would lower concessionaire business expenses by reducing the need for costly liability insurance. Such expenses can be great, and limiting the need would be a significant advantage to private sector developers. However, the major disadvantage is that less incentive would exist for the private entity to take adequate precautions in dealing with the public. This could create a less safe environment for project users and would increase the Federal government's liability and costs. Limiting developers' liability would require major changes in existing tort law.

d. Conclusions.

Private involvement in the operation and maintenance of Corps recreation areas could most likely be expanded by some combination of lease incentives. Such options as lengthening lease terms and relaxing lease restrictions, implemented with caution, could stimulate private involvement. With regard to the issue of private exclusive use, net savings would have to be based on private management of Corps O&M responsibilities, in addition to provision of public recreation, to compensate for any loss created by the private exclusive use. This, coupled with the increased revenue potential discussed in the Revenue Section, could meet the study objective.

Table 19 summarizes lease incentives by potential net Federal savings, whether law or policy changes are needed to implement the options, and study conclusions.

Table 19
Summary of Private Involvement Options--Lease Incentives

OPTION	POTENTIAL SAVINGS ¹	LAW OR POLICY CHANGE	CONCLUSION
1. Relax lease restrictions	unknown	policy	consider
2. Lengthen lease terms	unknown	policy	pursue
3. Allow private exclusive use	unknown	policy	consider
4. Limit liability of private developers	low-none	law	do not pursue

¹ High is greater than \$20M; medium is \$5M to \$20M; and low is less than \$5M (per year).

F. OTHER ISSUES

1. DATA BASE NEEDS

An additional task of the Corps Recreation Study was the "Identification or initiation of data base(s) that will support, in the long-run, analysis of policy options and provide a basis for dialogue with non-Federal interests, both public and private." This issue was specifically addressed by the Corps of Engineers Recreation Study Information Collection Task Force No. 4.

As previously noted, the task force report is provided in Volume II as Appendix E. The report includes a review of relevant existing data bases, the determination of information requirements not met by existing data bases, and options suggested for collection and management of required data. Information needs were also identified and discussed in most of the information collection efforts, and especially during the public workshops and the detailed interviews. Following is a brief discussion of some of the more frequently mentioned information requirements, as well as existing or proposed data sources that would support these information needs.

a. Operation and Maintenance Cost and Efficiency Analysis. An important element in discussions with non-Federal entities as to increasing their involvement is the cost of operating and maintaining existing areas. These data are needed to evaluate alternative management strategies, whether or not the areas are managed by the Corps or some other entity. While the Corps of Engineers Management Information System (COEMIS) data base (see Appendix E) provides information on the overall costs of area operations, it does not provide sufficient detail to evaluate management alternatives and the implications of policy decisions.

To address this information need, the Corps is testing a method to track operation and maintenance costs at 41 Corps managed recreation areas during Fiscal Year 1990. The effort will include an analysis of the usefulness and validity of the information collected and reporting efficiency. One-time or start-up costs and longer-run tracking costs for the plan will also be monitored. This is a separate effort from the Corps Recreation Study, and the results will not be available in time for inclusion in this report. The Corps is also redefining its financial management programs to respond to these data needs.

b. Market Studies and Demand Analyses. Approaches to reducing the Federal burden of the Corps recreation program include increasing revenues generated by existing recreation opportunities and broadening the program to provide new opportunities, either by the Corps or by increasing non-Federal public or private management. In all cases, this requires an understanding of the motivations, preferences and needs of both existing users, who might be impacted by management changes, and potential customers not now served.

Various opportunities exist for Corps participation in general population surveys, administered by others, which could be the vehicle for collection of needed market and demand data. State Comprehensive Outdoor Recreation Plan (SCORP) surveys, cooperative surveys with other agencies, and surveys by local Chambers of Commerce or Tourist Bureaus are examples of surveys which could include Corps data collection requirements. In order to exploit these opportunities when they exist, standard survey questions should be developed to collect activity, preference, motivation, and other such data to support market analyses.

c. Feasibility Analysis for Private Operations. In September of 1988, the ASA(CW) announced a new approach to recreational destination resort development at Corps of Engineers operated lakes, the Private Sector Recreation Development Program. Under this program, land was to be made available on a competitive basis to the individual or organization which presented the best plan for development. Two sites were identified for which proposals could be submitted. Although a large number of the Invitations for Proposals were requested and 15 individuals attended a Pre-proposal Conference, only one proposal was received, and it was non-responsive.

As part of the Corps Recreation Study, detailed interviews were conducted with several of the attendees of the pre-proposal conference. Comments as to why more proposals had not been received included: (1) the Corps had not done its homework in terms of market analysis, thinking about site assets and liabilities, and setting out at least a general site plan; and (2) the Corps had not targeted appropriate media to reach proper developers (e.g., use professional periodicals rather than Commerce Business Daily). Similar comments concerning the Corps lack of understanding of feasibility studies for private enterprise were received both at the regional workshops and in the telephone interviews. This problem was additionally confirmed in a previous (1983) special study of private sector involvement conducted for the ASA(CW). That study concluded that market forces and a lack of knowledge of the opportunities on the part of the private sector may be the most important factors responsible for the limited interest of entrepreneurs in developing potentially profitable ventures on Corps projects.

The Corps is presently initiating a new effort, the Recreation Partnership Initiative, to try to be more responsive to private sector information needs. A two year contract study, to be completed by qualified private contractors involved in private sector feasibility analysis, is to be initiated in late 1990. The study is to be completed in four stages and will include the following tasks.

- o Criteria will be identified and a methodology will be developed for evaluating Corps projects for their potential for economically viable commercial recreation development.
- o The methodology will be applied to the Corps 459 water resource projects to produce a ranked list of 100 projects which have the highest potential for recreation development under the

RPI program. A Corps review team will then select 25 projects for further consideration.

- o Intensive, on-site analyses of these 25 projects will be conducted to further define the private sector development potential.
- o A process and implementation strategy will be developed for successfully integrating Corps water resource potentials and public service objectives with private sector interests.

The Corps will then solicit private sector interest in development of sites at these projects, using the criteria developed in the contract effort.

d. Economic Impact Analysis. The importance of recreation to local, state, and national economies was a recurring theme throughout the study process. For example the Governor of South Dakota noted, "Recreation along the Missouri River in South Dakota has become a major industry worth millions of dollars to our economy, and the Corps of Engineers is an important player in this enterprise." He further went on to state, "The Sport Fishing Institute...has estimated the economic impact of sport fishing in South Dakota is \$53 million annually."

Information as to the economic impacts of recreation, in terms of expenditures, tax revenues, and employment, to local and regional economies can provide an incentive for greater involvement by non-Federal public and private entities in recreation management. For several years, the Corps has been supporting a research effort to estimate recreation visitor expenditures and related economic impacts. Some results of this research, including a discussion of the types of information that could contribute to a dialogue with non-federal interests are provided in Volume II as Appendix J.

2. RECREATION FEES

Another specific task of the Recreation Study was the examination of recreation fees charged by the Corps to determine if they discourage others who cannot operate profitably in competition with the Corps.

The Corps recreation fee program has been in effect since the mid 1960's. The current program, as set forth primarily in 16 USC 460l and Engineer Regulation 1130-2-404, allows the Corps to charge fees for specialized sites, facilities and services. The Corps fee program is also affected by 16 USC 460d-3, which specifically states that the Corps cannot charge for public use of water areas of the project and less developed facilities. Fees that are charged are to be based on several factors: (1) direct and indirect amount of Federal expenditure; (2) benefit to the recipient; (3) public policy or interest served; (4) comparability with recreation fees charged by other Federal and non-Federal public agencies and the private

sector within the service area of the management unit at which the fee is charged; (5) economic and administrative feasibility of fee collection; and (6) other pertinent factors.

The fourth criteria calls for Corps fees to be comparable with other public agencies and nearby private sector providers of similar facilities. In some instances, non-Federal public or private sector providers must lower their own fees to remain competitive. This leads to a "catch-22" situation because others reduce their fees to be competitive with the Corps, while the Corps makes its fees comparable with non-Corps fees, which may be artificially low.

The Corps is the only Federal agency required by law [16 USC 460l-6a(b)] to provide at each project where camping is permitted, "at least one primitive campground containing designated campsites, sanitary facilities and vehicular access, where no charge shall be imposed." Most non-Federal public and private sector campgrounds do not have "primitive" sites per se, but often, the Federal government's funding and facilities far exceed that of the non-Federal or private sector campground operator. Thus, even the Corps free "primitive" sites may be more highly developed than camp areas provided by others, resulting in an inequitable situation.

At the present time, fees charged for camping range from two dollars per night per site for sites with minimum facilities up to \$16 per night per site for more highly developed sites with utility hookups. The average camping fee charged by the Corps is six dollars per night per site. The average fee charged by others for similar facilities is not known, but both private and public camp areas vary significantly in terms of facilities available and what the local market will bear in terms of pricing.

Other fees charged by the Corps include picnic shelter/area reservation fees and special event permit fees. Both range from \$25 to \$500 depending on the area reserved, administrative costs to the Government and other factors enumerated above. There may be less competition with the private sector involved in these fees because few private sector entities provide public picnic facilities. By the same token, many special events entail use of the lake or large areas of land, resources not typically available to the private sector provider. It is, therefore, less likely that unfair competition with the private sector results from the Corps pricing of these permits. Similar facilities and services are provided by non-Federal public agencies, however. This could result in unfair competition between the Corps and other public agencies.

The question of competition with the Corps fee structure was specifically addressed in several surveys conducted as part of the Recreation Study. In general, the results indicate that a low percentage of those surveyed feel the Corps fee structure adversely impacts their own fee structure. This low figure may be due to the fact that those surveyed do not necessarily have similar facilities for which fees are charged by the Corps. A greater percentage of the group representing private campground operators responded that public fee structures, in

general, provide unfair competition. A discussion of specific study findings on this issue is given below.

While few (10 percent) of the 123 non-Federal public agencies surveyed indicated that the Corps fee policy adversely affected their ability to charge the fees they would like to charge, the agencies representing the 10 percent felt strongly about this "unfair" situation. As noted in Appendix G (survey report), statements made by non-Federal public agencies often referred to the element of competition between the agencies. As an example, one state official stated the agency can definitely attribute the decline in use at one of its parks to the fact that the state charges fees, while the Corps does not.

Of the 110 Corps concessionaires surveyed, 13 percent responded that the Corps fee structure was a disadvantage for a concessionaire operating in a Corps public use area. Some of the follow-on comments indicate that the concessionaires objected to the fact that the Corps "spent thousands of taxpayers dollars to build new facilities and then charges six dollars a night." They felt the Corps represented subsidized competition. Fifteen percent of the surveyed concessionaires represented campground operators.

Of the 36 resort developers and concessionaires operating on areas other than Corps projects, 11 percent responded that the Corps fee structure would discourage their participation in recreation development or management on Corps projects. However, only four of those surveyed represented campground operators.

Of the 24 surveyed ancillary providers of recreation, (primarily campgrounds located in proximity to public use areas), 54 percent responded that the fee structure of the Corps or other public agencies prevents them from charging the fee they would like to charge. According to the survey report (Appendix G), in order to compete with the facilities and services provided within a public area, the private sector must build and provide the same quality services, but charge fees necessary to recover the associated capital and maintenance costs. To charge fees as low as the public rates results in poor quality facilities and reduced maintenance. Forty-two percent, however, responded that the public fee structure did not prevent them from setting their own fee structure.

In summary, Corps fee competition with other agencies or private sector providers of recreation appears to be limited. However, this may be due to (1) the possibility that others keep their fees artificially low to remain competitive with the Corps; and (2) the number of providers of similar facilities surveyed may be limited. The fact remains, however, that the Corps receives tax subsidies. Were the Corps to charge fees commensurate with the actual cost of providing its fee-facilities, many citizens could be "priced out." On the other hand, tax subsidized government facilities or services can negatively influence the fees charged by lessees or ancillary providers of similar facilities or services in the area. Site-specific surveys are necessary to identify specific areas of unfair competition throughout the Corps. If such problems exist, market studies should be conducted to determine what fees should be charged, consistent with the law and other relevant factors.

3. MARKETING

Although the Corps of Engineers is the second largest Federal provider of outdoor recreation opportunities, this fact is little known. In February 1990, a Corps employee attended a seminar in Tucson, Arizona on recreation resort development. Many of the large resort developers were in attendance. None of them were aware that the Corps of Engineers was in the recreation business. They only knew the Corps from their contacts with the Corps on regulatory matters. Given the large numbers of people that annually visit Corps projects, it is astounding that the leading resort developers of the nation are not aware of the Corps recreation program.

A recurring theme from the six regional workshops was that the Corps should promote awareness of Corps projects and market the resources that it manages. This could be done in conjunction with the charging of use fees by making more people aware of the recreation opportunities available at Corps projects and identifying where those projects are located. It could also mean the promotion of selected areas on Corps projects for development, operation and maintenance by the private sector.

Although marketing is normally considered something that is done only in private industry to sell a commercial product, it also has direct application to the Corps of Engineers recreation program. Marketing, defined broadly, includes improving public awareness, educating, advertising and promotions of all kinds. Marketing is not a new concept for the Federal government, although it may be for the Corps. Marketing for tourism has emerged as a central thrust in the national strategic plans of the U.S. Forest Service and Bureau of Land Management. Parks Canada now has a division of marketing, with an eye toward serving international tourism.¹

During the interviews conducted as part of this recreation study, one private developer stated that the Corps biggest problem is that it lacks a marketing mentality. Another interviewee indicated that the Corps needs to take the attitude of a partner rather than a dictator. If the Corps desires to increase non-Federal public and private sector involvement in providing recreation opportunities at Corps water resources projects, actions should be taken to make potential partners aware of the Corps program and the opportunities that exist.

A Corps marketing effort would target several distinct audiences. Internally, Corps employees from the project to Headquarters levels should be informed of the rationale behind recommended changes to the Corps recreation program. Externally, the non-Federal public and private providers of recreation should understand proposed changes and the potential for expansion of their role at Corps projects. A second external audience is composed of the present and potential users of Corps projects, who should also understand the background for

¹ Richard C. Knopf, "Marketing Public Lands," Parks and Recreation, (Alexandria, VA: National Recreation and Park Association, March 1990) pp. 57-61.

proposed policy changes. Information on the cost of providing recreation opportunities, for example, is key to public support of such actions as expanding the fee program. Congress and the Administration represent a third external audience. Again, implementation of recommendations could hinge on their support, and support is, in large part, dependent on their appreciation of the benefits, costs, and responsibilities inherent in the Corps recreation program.

CHAPTER IV PLAN FORMULATION

A. SUMMARY

Throughout this study an effort was made to gather information from a wide range of those groups potentially impacted, but especially non-Federal public entities and the private sector. This is reflected by the poll of all state governors, the distribution of affiliations of those contacted during the telephone survey and personal interviews, and those groups receiving announcements for the regional workshops (see Chapter II). Information was also received from the general public, lake associations, recreation user groups, academia, and environmental and conservation interests.

During the information collection and evaluation process, a wide range of issues was identified and discussed, and differing views and perceptions were presented. As pointed out in the report on the regional workshops and mirrored by other study sources, respondents from business favor policies that are directed at helping businesses. State and local government officials would like to see more Federal dollars in the form of facilities cost sharing, and the majority would like the Corps to find additional money for recreation. Major study findings were:

- o There is widespread and substantial support for a continued major role for the Corps in recreation.
- o There is widespread support for the Corps role in protecting the natural environment at its projects.
- o There is widespread frustration with the Corps bureaucracy, including delays in approvals, inconsistent messages from different administrative layers, and the complexity of regulations.
- o The recreation consumer appears ready and willing to pay higher fees, especially where the revenues are returned to the areas in which they are collected.
- o There was little opposition to encouragement of private sector cooperation per se, but there was strong opposition to arrangements in which private sector involvement results in private exclusive use.
- o A few states or local governments may have both the willingness and the available funding to develop new recreation facilities or operate Corps areas, but the majority do not.

- o The private sector has shown some interest in providing additional recreation facilities and operation and maintenance services at existing Corps areas in conjunction with major resort development; however, the Corps needs to improve its ability to attract private sector interests.
- o Potential exists for increasing non-Federal public and private participation on a long term basis; however, large-scale development of new areas or widespread takeover of Corps recreation areas by non-Federal sources in the short run is not likely.
- o More immediate impacts can be accomplished through increasing revenues and augmenting existing resources. Estimated gross revenues ranging from \$20 million to \$60 million per year could be generated from recreation fees.
- o For the most part, data base needs to meet the study objective are being addressed by the Corps on an ongoing basis.
- o Corps fee competition with other agencies or private sector providers of recreation appears to be limited. However, site-specific surveys are necessary to determine if specific areas of unfair competition exist.

With regard to the four categories of options, a more detailed summary of the study findings is given in the following sections.

1. REVENUE

Great potential exists for reducing the net Federal expenditure for maintained or enhanced recreation at Corps projects by funding Corps managed areas through an increase in recreation fees. The findings of this study agree with the findings of the President's Commission on Americans Outdoors and the President's Domestic Policy Council Task Force's response to that report. The recreation consumer appears ready and willing to pay higher fees that reflect the value of the recreational opportunities provided and where the revenues are recycled to the areas in which they are collected.

There was, however, some opposition voiced to new fees or charging for facilities or access previously provided free of cost. For additional recreation fees to be charged, an effective public education effort is needed. Charging day-use fees, entrance fees or boating fees seems to have the greatest potential for financial impact on the recovery of recreation O&M expenses. Based on the estimated number of individuals who visit Corps managed

portions of the projects each year, gross revenues could be generated ranging from \$20 million to \$60 million per year.

2. RESOURCE AUGMENTATION

The Resource Augmentation category covered a wide range of options from use of prisoners to cash donations and the use of cooperating associations and volunteers. As such, it is difficult to quantify specific savings or present one finding covering all aspects. In many cases, the benefit of this source for meeting the study objective lies in its undefined nature. However, new variations on the theme are being developed continuously. No programs are free. Some cost must be incurred to implement any of the ideas generated throughout the study, but the potential return on the Federal dollar is great. Generally, this category provides potential that should be continually explored in the future.

3. NON-FEDERAL PUBLIC INVOLVEMENT

A few states or local governments may have both the willingness and the available funding to develop new recreation facilities or operate Corps areas, but the majority do not. For the near term, the Corps must recognize the financial constraints of non-Federal public entities and move toward a long range plan that will assist these agencies in generating their own funding necessary to assume operation of Corps areas in the future. The potential impacts on the Corps O&M program from implementing these recommendations are difficult to estimate, because of the uncertainty of the respective non-Federal interests; however, significant cost avoidance occurs with non-Federal development and management of recreation facilities at Corps projects.

4. PRIVATE INVOLVEMENT

There is interest in providing additional recreation facilities and O&M services on existing areas in conjunction with major resort development. However, in general, the Corps needs to improve its ability to attract private sector interests. Understandably, a positive return on investment is the private sector's prime concern. Most of the basic facilities now provided by the Corps would not turn a profit for a private operator. Other types of revenue generating facilities or enhancements are needed to attract private sector interests.

The public is not opposed to private development for public recreation per se. However, they do strongly oppose any development for private exclusive use and in some areas, oppose "commercialized" types of development. A strong concern was also voiced that private developers with a profit motive would increase fees beyond the average user's ability to pay. Increased private development is still a viable option to enhance recreation at Corps projects; however, the Corps needs to better understand how best to maximize that involvement.

B. PLAN FORMULATION

For plan formulation, two important types of information were collected during the study process. The first was the detailed evaluation of specific options, including policy and/or legislative constraints, potential opposition and/or support, and potential impacts on the study objective. Second, the study process provided general information about the fiscal, political, and institutional environment under which specific options would be implemented.

Over ninety options, grouped in four major categories, were investigated and approximately twenty options or related suggestions were included in the plan. The plan identifies and provides general implementation strategies, including data collection and analysis requirements, necessary changes in policy or law, a tentative schedule of resource and staffing requirements, likely impacts on public recreation, and anticipated Federal cost reductions. In addition to those included in the plan, nineteen options could be pursued locally because no change in law or Corps-wide policy or guidance is needed. Eighteen options should be given further consideration, but cannot be recommended at this time, because they require preliminary actions or additional data to assess their viability.

The recommended plan includes a group of options and implementation activities that provide an initial strategy for responding to the study objective of maintaining or enhancing recreation at Corps projects while reducing Federal expenditures. It includes both short and long term programs and strategies, identifies policy and legislative constraints with recommended changes, and provides an implementation plan, including a marketing strategy. It is not the only combination of options that could be recommended, but provides a pragmatic beginning for providing recreation at Corps projects on a more self-sustaining basis.

CHAPTER V RECOMMENDED PLAN

A. SELECTED OPTIONS

Many options for addressing the objective have been identified and discussed. None will provide a panacea for maintaining or enhancing recreation opportunities while reducing Federal expenditures. There is, however, great opportunity for increased partnerships in the provision of new recreation facilities and in operation and maintenance of Corps recreation areas. Effective partnerships can be developed with the non-Federal public sector, the private sector, and also the recreation users (through expanded fee and volunteer programs). The success of these partnerships depends on the development and implementation of an overall strategy for the Corps recreation program.

The foundation of the Corps overall strategy should be a more business-like approach to the management of its recreation program, recognizing that non-monetary benefits are important also. The Corps should look at its recreation facilities as regional assets, rather than as economic liabilities. Although these facilities may never become entirely self-supporting, they should be managed as assets that can provide earned income to supplement appropriated funds, while providing opportunities for development and management of enhanced public recreation opportunities by the non-Federal public and private sector. An important part of this strategy must be the return of recreation fees, lease and other revenue to the projects that generate the revenue. This is important, not only to make such programs more acceptable to recreation users and service providers, but also to provide encouragement for field level employees, who are essential to an effective asset management program.

The options presented in Chapter III of this report represent an array of potential choices that could be made to reach the plan objective. Several actions could be taken in the immediate future, while others will provide a basis for longer term actions. In addition to the major items set forth below, a number of other actions can be pursued locally by Corps districts, and a number of options merit further consideration, as described in Chapter III.

To increase revenue and augment existing resources, the Corps should:

1. EXPAND THE FEE COLLECTION PROGRAM WITH ALL REVENUES RETAINED FOR RECREATION PROJECT PURPOSES.

- o Seek authorization for recreation based user fees, such as the proposed day use fee legislation included in the FY 90 budget submittal.
- o Conduct further demand and marketing studies to determine what additional fees would be feasible and at what level.

- o Develop guidance to expand the use of variable pricing in the fee program.
- o Encourage districts to selectively relax the 14-day length of stay limitation.
- o Seek passage of legislation to eliminate the free campground requirement.
- o Seek incorporation of select recreation areas into a nationwide reservation system.

2. INCREASE OUTGRANT REVENUE AND RETURN A PORTION OF THE REVENUE TO THE CORPS RECREATION PROGRAM.

- o Seek legislation to place a cap (at current levels) on the 75 percent of Federal lease revenue given to the states and to redirect the remaining lease, license and shoreline use permit revenue from the Federal Treasury to the Corps recreation program.
- o Evaluate options for increasing outgrant/permit revenue.

3. EXPAND THE USE OF VOLUNTEERS AND SUPPLEMENTAL LABOR SOURCES.

- o Amend Engineer Regulation 1130-2-432 to allow volunteers and supplemental labor sources, where appropriate, to handle money.
- o Develop a volunteer and supplemental labor source manual to include guidance on identifying potential duties that could be performed, recruitment, training, and supervision for these labor sources, and case studies of successful programs used by the Corps and others.

4. EXPAND CORPS USE OF COOPERATING ASSOCIATIONS TO PROVIDE RECREATION FACILITIES AND SERVICES.

- o Provide guidance to Corps field elements on entering agreements with cooperating associations.

5. INITIATE A CHALLENGE COST SHARE PROGRAM.

- o Seek legislation for implementing a Challenge Cost Share Program, such as the legislation prepared as part of the President's FY 91 budget proposal.

To encourage and assist state and local governments to increase their participation in O&M of recreation areas, while recognizing their inherent funding difficulties, the Corps should:

1. ASSIST NON-FEDERAL PARTNERS IN GENERATING THEIR OWN RECREATION FUNDING.

- o Provide non-Federal agencies with visitation data, including visitor expenditure profiles, and operation and maintenance costs, where appropriate, by individual recreation areas for their analyses.
- o Revise Corps policy to allow non-Federal public partners to charge differential fees for non-residents.
- o Revise Corps policy to selectively allow overnight stays beyond the 14-day limit during periods of low use.

2. REDUCE THE NON-FEDERAL PUBLIC PARTNER'S COST OF DOING BUSINESS WITH THE CORPS.

- o Revise Corps policy to allow replacement of annual and five year lessee management plans with joint preparation of the project Operational Management Plans, which guide the overall management of the projects.
- o Encourage districts to selectively lengthen leases under existing policy.

3. RENOVATE EXISTING AREAS AT FEDERAL EXPENSE FOR TURNOVER TO NON-FEDERAL PUBLIC ENTITIES.

- o Seek internal budget changes to provide a funding source for renovation.
- o Prior to a non-Federal public commitment to assume long term operation and maintenance funding on renovated areas, conduct

an analysis of the cost of the renovation versus the cost of non-Federal O&M over the life of the renovated facilities to determine if net Federal expenditures will be reduced.

To increase the opportunities for public recreation and help alleviate Corps funding on existing recreation areas, the Corps should:

1. IMPROVE CORPS KNOWLEDGE OF PRIVATE SECTOR INTERESTS AND NEEDS TO ENHANCE PRIVATE SECTOR INVOLVEMENT IN PUBLIC RECREATION TO THE MAXIMUM EXTENT PRACTICABLE.

- o Expediently complete the Recreation Partnership Initiative to develop a methodology and criteria to evaluate the development potential on Corps projects and to attract additional private sector involvement.

2. IMPROVE THE OVERALL BUSINESS ENVIRONMENT TO ENCOURAGE PRIVATE INVOLVEMENT.

- o Increase the lease terms to a maximum of 50 years where appropriate.
- o Revise Corps policy to selectively allow overnight stays beyond the 14-day limit during periods of low use.

To guide the overall direction of the recreation program, the Corps should:

1. DEVELOP AN IMPLEMENTATION STRATEGY FOR THE RECOMMENDED PLAN.

- o Convene a Corps Task Force to develop an implementation strategy.
- o Develop a public affairs and information program in support of the implementation strategy.

B. IMPLEMENTATION

These selected options provide both short and long term strategies for accomplishing the study objective of maintaining or enhancing recreation opportunities while reducing Federal expenditures. Many options have been presented and discussed, most of which will not work in every situation. There are not only significant regional differences, but also differences among individual projects in the same region. It may be premature at this juncture to determine what "mix" of options would work best in every situation. The

implementation plan provides general actions needed to initiate the recommended changes; however, further study may be needed to determine the local need for implementation of some of the recommended options. Incorporating the views and perspectives of the general public as well as local and regional agencies and enterprises is critical to the success of developing and evaluating any implementation strategy.

1. LEGISLATION

In order to implement the recommended plan, legislation is initially required to authorize day use fees, to eliminate the free campground requirement, and to initiate a Challenge Cost Share Program. Draft legislation has previously been prepared and submitted for these issues. A legislative initiative is also required to place a cap on lease revenues going to the states and redirect the remaining 25 percent of the lease revenue and all of the remaining outgrant and shoreline use permit revenue now retained by the Federal Treasury to the Corps recreation program.

2. POLICY AND GUIDANCE

The recommended plan identifies several needed changes in policy and areas where additional field guidance is needed. Draft changes in policy and guidance will be developed in some cases by Corps task forces with representation from appropriate functional elements; in other cases, guidance revision by headquarters personnel should suffice. Suggested actions to implement specific recommendations follow.

Guidance to expand the use of variable pricing in the fee program could best be developed by a task force, which would address such issues as when and where higher fees could be charged, how much fees should be raised, estimates of potential revenues generated by alternative fee schedules, the costs of implementation, and potential impacts on visitation levels. Task force membership would include personnel from districts already employing variable fees.

A plan for revising Corps policy to selectively relax the 14-day length of stay limitation could be developed by convening a task force composed of decision makers from headquarters and field levels. The task force would address such issues as semi-permanent residences and optimizing public access and would determine under what conditions the restrictions should be relaxed (e.g., low use days of the week or months of the year, or low use areas). Coordination with other Federal and non-Federal agencies would also be prudent.

Amendment of Corps regulations to allow volunteers and supplemental labor sources to handle money could be executed by headquarters management.

The volunteer/supplemental labor source manual could be developed by a joint in-house and contract effort. The manual would offer guidelines for successful recruitment, training, management, and use of volunteers and provide examples of successful volunteer

programs used by the Corps and others. A complementary training course would also be developed.

Guidance to field elements on entering agreements with cooperating associations has been formulated by the Natural Resources Management Branch and is currently under headquarters review.

Revision of Corps policy to allow non-Federal public partners to charge differential fees to non-residents would require development of implementation guidelines. Ranges of acceptable variation would be prescribed, permitting fees to vary with local conditions.

Revision of Corps policy to allow replacement of annual and five year lessee management plans with joint preparation of the project Operational Management Plans could be accomplished by assembling a task force of field and headquarters personnel. Members would develop implementation guidelines.

Modification of Corps regulations to increase the lease terms to a maximum of 50 years could best be addressed by an in-house task force, which would set guidelines for appropriate lease terms for proposed development value.

3. DATA REQUIREMENTS

As noted in Chapter III, several types of data are needed to evaluate policy and management changes and to improve dialogue with non-Federal public and private interests. One type is the cost associated with operating and maintaining individual recreation areas. A separate study is currently analyzing the cost, validity, and usefulness of collecting such data at 41 Corps managed areas. Results from that effort will not be available in time for inclusion in this report, and there are, therefore, no specific recommendations on O&M cost data collection. Corps financial management programs are also being redefined to be more responsive to this data need.

Another type of data need relates to the evaluation of fee programs. Corps visitation survey procedures obtain information on activity participation and the area of origin of visitors. Although such information can be used in demand modelling, little information is currently collected on the demographics of visitors, their willingness or ability to pay user fees, nor the cost effectiveness of alternative fee collection strategies. The Corps has initiated a research effort as part of its Natural Resources Research Program to measure the effects of alternative recreation fee programs. As designed, this effort primarily addresses the issue of differential fee structures. The effort needs to be expanded to include the evaluation of entrance and other fee collection programs.

Important to the dialogue with non-Federal public interests is the economic impact of recreation visitor expenditures on local and regional economies. The Corps has extensive expertise and experience with economic impact modelling. One limitation to such modelling

in recreation applications is the lack of a diverse and reliable data base concerning the amount, type, and location of expenditures made by recreation visitors. As part of its Natural Resources Research Program the Corps has developed a survey questionnaire and survey procedures to collect such data and has initiated a visitor expenditure profile data base. This effort needs to be continued to provide broader coverage by geographic area and visitor type.

As noted in Chapter III, to improve dialogue with the private sector, the Corps is initiating a Recreation Partnership Initiative. This is a contract effort that will identify criteria and a methodology for evaluating Corps projects for their potential for economically viable commercial recreation development. This effort is just beginning, and specific data needs have not yet been identified.

4. RECREATION FEES

Corps fee competition with other agencies or private sector providers of recreation appears to be limited. However, this may be due to (1) the possibility that others keep their fees artificially low to remain competitive with the Corps, and (2) the number of providers of similar facilities may be limited. A more in-depth survey is necessary to identify if specific areas of unfair competition exist within the Corps. If such problems exist, market studies should be conducted to determine what fees should be charged, consistent with the law and other relevant factors.

5. SCHEDULE

Legislation required to authorize day use fees, to eliminate the free campground requirement, and to initiate a Challenge Cost Share Program has been drafted and should be reintroduced as part of the FY 92 budget submittal. New legislation for placing a cap on lease revenues going to the states and redirecting the remaining lease revenue and shoreline use permit revenue to the Corps recreation program should be introduced as part of the FY 93 budget submittal.

Upon approval of the recommended plan, task forces for drafting necessary policy changes can be convened. Each of these changes could be implemented in a six-month period.

A draft Engineer Regulation for entering agreements with cooperating associations has been prepared and is being reviewed.

The volunteer and supplemental labor source manual will require approximately one year to complete. The effort could be initiated upon approval of the recommended plan.

The Natural Resource Research Program work on evaluating the effectiveness of alternative recreation fee programs is a four year effort currently scheduled for initiation in FY 91.

The Recreation Partnership Initiative contract effort will require approximately two years to complete.

The implementation strategy will require approximately one year to develop.

6. STAFFING REQUIREMENTS

Specific additional personnel requirements will be determined on a case-by-case basis through the development of detailed implementation plans, the examination of priorities and other staffing requirements. An additional full time equivalent position may be needed to actively pursue, on an ongoing basis, options selected for the recommended plan. This position would be placed within existing organizational structures. Duties would include continually seeking new opportunities for increasing non-Federal public and private involvement, identifying improvements for management efficiency and implementing the recommendations pertinent to augmenting existing resources.

7. IMPACTS ON PUBLIC RECREATION

In the short run, the major impacts on public recreation would be from introduction of day use fees and from increased use of volunteer programs. The proposed day use fees are nominal, one to two dollars per car for select areas. Some casual users may no longer choose to visit these areas, but, overall, impacts on visitation are expected to be minor. Improved management from controlled access associated with these fees should result in an improved recreation experience to most visitors. Increased use of volunteers could result in an increase in maintenance and other services. An additional benefit of such programs is often increased public awareness of the natural resources and facilities resulting in reduced vandalism and other depreciative behavior.

Large-scale development of new areas or widespread takeover of Corps recreation areas by non-Federal public and private sources is not likely in the short term. There is potential for increasing such participation on a longer term basis. The Recreation Partnership Initiative, especially, could result in the identification of development opportunities that would expand the types of recreation opportunities available at some Corps recreation projects.

8. FEDERAL COST REDUCTIONS

Initiation of the day use fee program could result in approximately \$20 million in annual gross fee revenue. An initial one time start up cost of approximately \$11 million would be required. There may be a potential for increasing this gross revenue to approximately \$80 million annually through an expanded fee program, but further demand studies are needed to evaluate additional fee collection programs and their affect on recreation users.

Based on comparisons with other Federal agencies, the approximately \$2.7 million in volunteer services received by the Corps in 1989 could be easily expanded three-fold with expanded resource augmentation programs. In some instances this would result in stretching the Federal O&M dollar (for example, a Challenge Cost Share Program). In other instances, such programs as adopt-a-park could result in direct O&M savings.

Monetary impacts on the Corps O&M program from increased non-Federal public and private involvement are difficult to estimate, because of the uncertainty of the level of interest in plan recommendations. The current financial constraints of non-Federal public entities, the small business character of most existing Corps concessionaires, and the present law returning 75 percent of lease revenue to the states and only 25 percent to the general treasury severely limit potential Federal cost reductions from these sectors in the immediate future. Efforts such as the Recreation Partnership Initiative could provide increased recreation opportunities and additional Federal outgrant revenue in the future. The magnitude of such monetary impacts cannot be estimated at this time; however, in all cases, non-Federal development and management of public recreation opportunities at Corps projects results in significant Federal cost avoidance.

C. CONCLUSION

Significant potential exists for meeting the study objective through increased participation of non-Federal public and private partners in the Corps recreation program on a long-term basis. However, large scale development of new areas or takeover of Corps recreation areas by non-Federal sources is not likely in the immediate future. This is due in large measure to budgetary problems and funding priorities of non-Federal public agencies and the private sector's limited knowledge of the potential for development on Corps lands. More immediate impacts can be accomplished through effective partnerships with the public (through expanded fee and volunteer programs). To meet the study objective on a long-term basis, the Corps needs to develop an implementation strategy for the recommended plan. The strategy would focus on the Corps role in providing public recreation, both through its outgrant program and through direct Corps management. Incorporating the views and perspectives of Congress, the general public and non-Federal public agencies and private enterprise is essential to the success of the Corps of Engineers recreation program.

RECREATION TASK FORCE CHARTER



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, DC 20310-0103

91 AUG 1989

MEMORANDUM FOR THE CHIEF OF ENGINEERS

SUBJECT: Recreation Task Force

I would like you to establish a Recreation Task Force to operate under the attached charter. This effort is to be a Corps of Engineers program, but it will include extensive solicitation of outside views and suggestions.

Since this is a most important endeavor, I would like to discuss with you at your earliest convenience the selection of a Chairman and a Vice-Chairman of the task force.

A handwritten signature in black ink, appearing to read "Robert W. Page", is positioned above the typed name.

Robert W. Page
Assistant Secretary of the Army
(Civil Works)

Attachment

RECREATION TASK FORCE CHARTER

Preamble

The exigencies of deficit reduction and budgetary limitations impose an obligation to identify practicable new methods of financing and execution of Federal programs generally. In the case of recreation at projects of the Army Corps of Engineers, it appears that bold new approaches could be productive in providing enhanced recreational opportunities for the general public and in reducing the demands on the Federal budget.

Recreation Task Force

To appraise the subject of recreation at Corps projects, a task force within the Corps is to be established by the Chief of Engineers, who will designate a SES Executive or Flag Officer as Chairman, and another executive as Vice-Chairman. The task force should submit its proposed report to the Assistant Secretary of the Army for Civil Works by September 1, 1990.

Mission of Task Force

Develop a plan that will maintain and enhance the public recreational opportunities at Corps projects while reducing the Federal costs for development and operation of recreational facilities.

The foundation of such plan is to be the development, enhancement, and operation of recreational facilities by non-Federal public agencies and the private sector to the maximum extent practicable. The broader flexibility that non-Federal entities possess in the kinds of facilities they can provide offers the possibility of better serving public recreational demands.

In executing its mission, the task force will solicit the advice and suggestions of States, the private sector, and other non-Federal officials and expertise in the recreational field.

Closure of existing facilities, deferral of maintenance, or development of operational efficiencies as a means of reducing Federal expenditures is not to be considered as part of the task force's mission. Existing restraints in law, regulation, or policy are to be identified, but not allowed to limit the development of the plan.

Broad gauged thinking is fundamental, if the task force is to be successful.

General Program

To carry out its mission, the task force will need to engage itself, among other things, in the following activities:

1. An examination of existing laws and policies governing private investment on public lands, and the identification of restrictions on such things as the sale or lease of lands and facilities to non-Federal interests.
2. Identification of restrictions in leases, such as term of lease, limitations on fees, etc.
3. Identification of other restraints such as private exclusive use policies, length of stay, etc.
4. An examination of recreation fees charged by the Corps to determine whether they discourage others who cannot operate profitably in competition with the Corps.
5. Solicitation of advice and suggestions from non-Federal interests in the recreational field.
6. Initiation of the development of a data base that will, in the long-run, support analysis of policy options and provide a basis for dialogue with non-Federal interests, both public and private. Such data base should specify expenditures and personnel associated with recreational operation and maintenance by individual projects and sites; visitation characteristics, such as length of stay, travel distance, and nature of recreational activities; use or load factors; and any other pertinent factors.
7. An appraisal of the interest of non-Federal entities, both public and private, in taking over the operation of existing Corps recreational facilities and the nature of the incentives that would be necessary.

General Procedure

1. The first obligation of the task force is to meet, organize itself (including the designation of the full-time Executive Secretary), and prepare a proposed plan and schedule for carrying out its mission.
2. The plan of work is to be submitted to the ASA(CW) for approval by October 15, 1989.
3. The plan should include recommendations for a congressional contact plan, a public affairs plan, a plan for non-Federal contact and involvement, and identification of outside interests to be contacted.
4. The task force should prepare bimonthly, written reports on the status of the program. The first report is due November 1, 1989.